

County of Loudoun, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002



COUNTY OF LOUDOUN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

June 30, 2002

Prepared by:

Department of Financial Services
Division of Finance and Accounting

COUNTY OF LOUDOUN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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(1) THIS INFORMATION IS NOT COVERED BY THE REPORT OF THE INDEPENDENT AUDITORS.

INTRODUCTORY SECTION



Loudoun County, Virginia

www.co.loudoun.va.us

County Administration

1 Harrison Street, S.E., 5th Floor, P.O. Box 7000, Leesburg, VA 20177-7000

Telephone (703) 777-0200 • Fax (703) 777-0325 • email: coadmin@loudoun.gov

October 25, 2002

The Honorable Members of the Board of Supervisors
County of Loudoun, Virginia
1 Harrison Street, S.E., P.O. Box 7000
Leesburg, Virginia 20177-7000

Dear Mr. Chairman and Members of the Board:

I am pleased to present the County's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2002.

This report, prepared by the Department of Financial Services, identifies the County's financial position and marks the County's financial activities over the past fiscal year. We believe the data contained in the report are accurate in all material aspects. The required disclosure statements are also set forth. Fiscal year 2002 is the year that Loudoun County is required to incorporate the new reporting principles promulgated by the Governmental Accounting Standards Board's Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The County believes it has complied with all requirements of GASB 34.

The Comprehensive Annual Financial Report marks the County's continued adherence to and refinement of the guidelines and goals set forth in the Board of Supervisors' Fiscal Policy. The purpose of the Fiscal Policy is to set forth those policies of the Board that establish guidelines for the fiscal stability of the County and establish guidelines for the County Administrator in insuring that fiscal stability. An effective Fiscal Policy (1) contributes significantly to the County's ability to insulate itself from fiscal crisis, (2) enhances short-term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible, (3) promotes long-term financial stability by establishing clear and consistent guidelines, (4) directs attention to the total financial picture of the County rather than single issue areas, (5) promotes the view of linking long term financial planning with day-to-day operations, and (6) provides a framework for measuring the impact of government services against established fiscal parameters and guidelines. The summarized progress as reported in the Comprehensive Annual Financial Report has become an indicator of the relative success of these policies. During fiscal year 2002, all three major credit rating agencies affirmed Loudoun's high investment grade general obligation bond rating.

The County concluded fiscal year 2002 in a moderately sound financial condition. In addition, the County initiated or continued a number of management initiatives designed to effectively manage the changes that continued growth has brought to Loudoun.

The County, through the budgeting process, funded a series of long-range strategic objectives that establishes a base for providing services for our anticipated population. These objectives significantly impacted service planning, land use planning and general management.

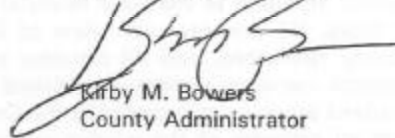
It will take planning and commitment to meet the challenge of efficiently providing needed services for the current population while developing the necessary infrastructure for the future and the tax base and resources to pay for that infrastructure. The County population is estimated to be 196,430 in 2002. According to a recent report issued by the County's Fiscal Impact Technical Review Committee, between now and 2010 Loudoun will experience the highest percentage growth in population and jobs for the entire Washington Metropolitan Area. By 2010, Loudoun's population is expected to be approximately 304,200.

In managing our available resources, we must strike a balance between the demands for additional services and the ability to pay for those services. The increasing rate of growth has increased the need for growth management and has, concurrently, modestly increased the resources available for program allocation. Financial management continues to be of paramount importance in this and future fiscal years.

Board of Supervisors
October 25, 2002
Page Two

The County's financial health is reflected in the moderate soundness of its current financial condition, and it is anticipated that current financial management practices will continue Loudoun's tradition of fiscal stability. The Board's emphasis on fiscal planning, budget development, and sound financial management contributes to the present sound financial condition of the County and sets the parameters and tasks for next year.

Respectfully submitted,



Kirby M. Bowers
County Administrator



Loudoun County, Virginia

www.co.loudoun.va.us

Department of Financial Services

1 Harrison Street, S.E., 4th Floor, P.O. Box 7000, Leesburg, VA 20177-7000

703/777-0290 • Metro 703/478-8400 • Fax (703) 771-5234

October 25, 2002

County Administrator and
Honorable Members of the Board of Supervisors
County of Loudoun, Virginia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the County of Loudoun, Virginia, for the fiscal year ended June 30, 2002, was prepared by the County's Department of Financial Services, Comptroller's Office, in accordance with Sections 15.2-2510 and 15.2-2511 of the Code of Virginia. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with County management. We believe that the data as presented are accurate in all material respects, that they are presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of our various funds, and that all disclosures necessary to enable the reader to understand the County's financial activity have been included. The County has implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, for the year ended June 30, 2002. GASB Statement No. 34, labeled by GASB as "the most significant change in the history of government financial reporting", mandates that governments amend their financial reporting to provide additional information about their fiscal health including information about the status of public infrastructure.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Compliance and Statistical. The **Introductory Section** is intended to acquaint the reader with the organizational structure of the County, the nature and scope of the services provided and includes this transmittal letter, the County's organizational chart and a list of principal officials. The **Financial Section** provides an overview of the financial position and results of operations of the County as a whole, and includes management's discussion and analysis, government-wide financial statements, fund balance financial statements, combining financial statements, a budgetary comparison schedule, pension schedules, as well as the report of independent auditors on the financial statements and schedules. The **Statistical Section** is designed to reflect social and economic data, financial trends and the fiscal capacity of the County and includes selected financial and demographic information, generally presented on a multi-year basis. The **Compliance Section** presents the auditors' supplementary single audit reports on Federal grant programs.

The County is required to undergo an annual compliance or "single" audit in conformity with the provisions of the revised Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in the Compliance Section of this report.

The County provides a full range of municipal services authorized by the Code of Virginia and by the Board of Supervisors. These services include public safety (law enforcement and traffic control, fire and rescue services, corrections and detention, and inspections); health and welfare (health, mental health and mental retardation, and social services); education (elementary, secondary, and community college support); parks, recreation and cultural (including libraries and museums); community development (planning, zoning, housing, environmental management, and cooperative extension); public works (sanitation and waste removal, water and sewer, and maintenance); and general government administration (legislative, general and financial, elections, and judicial). A summary of the financial highlights of these operations for the fiscal year ended June 30, 2002 in the County's various funds and account groups, is presented in the following sections of this letter. In addition to General Government activities, the Board of Supervisors exercises, or has the ability to exercise, budgetary control over the County's School System; therefore, elementary and secondary education activities are included within the reporting entity as a discretely presented component unit. In addition, since certain cooperative financial relationships exist between the County and the Loudoun County Sanitation Authority (the "Authority"), the Authority, which oversees water and sewer activities, is also included as a discretely presented component unit. The Loudoun County Industrial Development Authority does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

Local Economic Condition and Outlook

The citizens of Loudoun are proud of their County, one that combines financial strength and stability with planned progress and a high standard of living or "quality of life." The County, even though it is the third fastest growing County in the nation, continues to provide quality service to its residents as well as continues to plan for Loudoun's future livability, while minimizing budgetary increases and tax burdens.

The County concluded fiscal year 2002 in a moderately sound financial condition with minimal fiscal stress. The region's favorable economic conditions and the prospect of these conditions continuing has produced a rate of growth for the County greater than has been experienced over recent years. Our planned growth will, in the short term, impact the amount of resources available for allocation to the many programs required by an urbanizing community. The potential for continued long-term growth is excellent, however, commercial construction will not be nearly as robust as recently experienced.

Fiscal year 2002 saw the continued growth of both the residential and commercial/industrial real estate markets. Among the goals and strategies of the Loudoun County Economic Development Plan and Growth Strategy, adopted by the Board of Supervisors in January 1994, is the attraction of new businesses and the enhancement of the business environment to encourage the expansion of existing businesses. Meeting this goal is evidenced by the continuing increase in commercial property values. Many businesses continue to expand existing operations and new businesses are constantly attracted to the County. To ensure that each class of property is paying only its fair and equitable share of the tax burden, the County continues to reappraise its real property tax base annually.

Education continues to be a priority program within the County's operations, and the benefits are demonstrated in testing results by County students. The County School System has a very favorable teacher/pupil ratio and has obtained recognition for excellence in education.

The County faces the challenges of growth and development with confidence, based on a proven financial track record. The County's successes are shared accomplishments combining skill, experience and dedication of elected officials, appointed officials, County employees, and citizens. Faced with changing resources, especially in Federal spending, taxation, and State assistance, the County must continue to plan and manage these resources carefully. The County must continuously define its role in the community to respond to changing times. We will continually fine tune our process to deliver services to ensure our citizens that we take every possible step to provide the services they want at the least possible cost. Always working with integrity, we seek to lead in the innovative expansion of the professional disciplines in which we each serve.

Financial Information

Internal Control - Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control - In addition to internal controls, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual Fiscal Plan and Appropriations Resolution and adopted in the Budget by the County's Board of Supervisors. Activities of the General Fund, Special Revenue Funds, and Debt Service Fund are included in the annual Appropriations Resolution and adopted Fiscal Plan. Project-length budgets are adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund. However, management control is maintained at the character level within each organizational unit. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end; however, they generally are reappropriated as part of the following year's budget.

Cash Management - Under the pooled cash concept, the County has greater investment flexibility and normally recognizes a higher rate of return. The County's operating and payroll accounts are maintained as true zero balance accounts so that all excess idle funds are invested overnight in repurchase agreements. The overnight repurchase agreements are collateralized by U.S. Government and U.S. Agency securities. Idle funds available for longer periods of time are invested in Certificates of Deposit (CDs), the State-maintained Local Government Investment Pool, the State-maintained State Non-Arbitrage Pool, and Money Market accounts.

CDs are awarded via competitive bid among Virginia banks. All Virginia banks are required to collateralize deposits of public funds, and report monthly, both deposits and collateral held, to the Commonwealth's Department of Treasury.

The average yield on County investments during fiscal year 2002 was 3.52%. The total amount of interest earned on County investments was \$9,073,061. This compares to 6.04% and \$14,553,654 for fiscal year 2001.

Risk Management - The County's automobile and general liability protection are administered within the Virginia Municipal Liability Pool. Both agreements have a \$2 million per occurrence limit. The General Liability protection has a \$2 million aggregate limit. Both policies have a \$100,000 per occurrence retention. Member jurisdictions contribute to the pool based on their size and past claims experience. Likewise, the County is pool insured for law enforcement liability and public officials liability risks. These programs are administered within the State Law Enforcement Liability Self-Insurance Plan and the State Public Officials Self-Insurance Plan, respectively. These programs have a \$2 million per occurrence limit, and protect the County Sheriff's Department and other County enforcement agencies, and all elected and appointed public officials and employees.

Claims that arose from incidents occurring prior to the existence of all the foregoing agreements are covered under the County's previous commercial insurance programs. This excess coverage, in combination with the County's \$2 million primary coverages, brings all liability programs up to a limit of \$10 million per occurrence. The County received and has maintained a Certificate as a Qualified Self-Insurer from the Virginia State Industrial Commission. The County self-insures Primary Government and Component Unit-Schools workers' compensation and employers' liability, the specified benefits of which are statutory. The County maintains excess insurance from the Employers Reinsurance Corporation limiting individual claims against the self-insurance program to \$400,000.

The Primary Government and the Component Unit-Schools retain Landin, Inc., third-party administrator, to adjust workers' compensation claims, provide underwriting services, recommend reserve levels, and to provide safety and loss control services. All other lines of property and casualty insurance either have been or are expected to be renewed as they become due.

The County self-insures health insurance for all eligible employees and all retirees with 20 years of service or who qualify for disability. The County purchases specific and aggregate stop loss insurance from MAMSI Life and Health Insurance Company limiting claims against the self-insurance program to \$80,000 per occurrence for individual claims and 125% of aggregate stop loss for aggregate claims. A reserve for pending claims and insured but not reported claims of \$7,575,544 has been accrued as a liability within the self-insurance fund based upon estimates from the County's health insurance claims administrator and workers' compensation claims administrator.

The County Primary Government and Component Unit-Schools retains Mid Atlantic Medical Services, Inc. (MAMSI), a third party administrator, to adjust health insurance claims, provide underwriting services, recommend reserve levels, including claims reported but not settled. Claims not closed out at September 30, 1994, remain with the Trigon Blue Cross-Blue Shield of Virginia.

OTHER INFORMATION

Independent Audit - Virginia statutes require an annual audit by independent certified public accountants. The accounting firm of Ernst & Young LLP was selected by the County's Board of Supervisors to perform the annual financial and compliance audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the revised Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements, required supplementary information and other supplementary information is included in the Financial Section of this Report. The auditors' reports related specifically to the single audit are included in the Compliance Section of this report.

Certificate of Achievement for Excellence - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Loudoun, Virginia, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and the applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Report continues to conform to the Certificate of Achievement Program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgments - The County continues to maintain a moderately strong financial position through responsible and progressive management of financial operations and through sound accounting and financial reporting practices. The current accounting and financial reporting standards represent significant enhancements and enable increased efficiency in governmental accounting, auditing and financial reporting. We continue to support the achievements in these areas by the Governmental Accounting Standards Board and the Government Finance Officers Association. These practices provide, in our opinion, a sound framework for a truly "comprehensive" annual financial report.

The timely preparation of this Comprehensive Annual Financial Report could not have been accomplished without the effort of the entire staff of this Department's Comptroller's Office. Special recognition goes to our Assistant Comptroller, Ronald C. Pennington, and to our Financial Analysts, Eileen Nguyen and Mark Withrow, for their technical expertise, review and dedicated services in the preparation of this Comprehensive Annual Financial Report.

Their continued and diligent efforts towards upgrading the County's Financial Accounting and Management Information System, Fixed Asset Accounting and Control System, and many other ancillary financial systems, have lead substantially to the improved quality of financial information being reported to management, the County Administrator, the Board of Supervisors and the citizens of the County.

County Administrator and
Honorable Members of the Board of Supervisors
Page Four

We would also like to express our appreciation to all other members of the Department of Financial Services, to our independent auditors, Ernst & Young LLP, and to all County agencies who assisted and contributed to the preparation of this Report. We would also like to thank the members of the Board of Supervisors and the County Administrator for their interest and continued support in planning and implementing efficient yet effective financial operations of the County. This support and cooperation represents responsible and progressive financial management for the County. We will strive to maintain the direction the Board requires to maintain an equitable balance between available resources and the demand for high quality services.

Respectfully submitted,



Paul N. Arnett
Deputy Director of Financial Services/Comptroller



M.E. (Mickey) Poole
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Loudoun,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

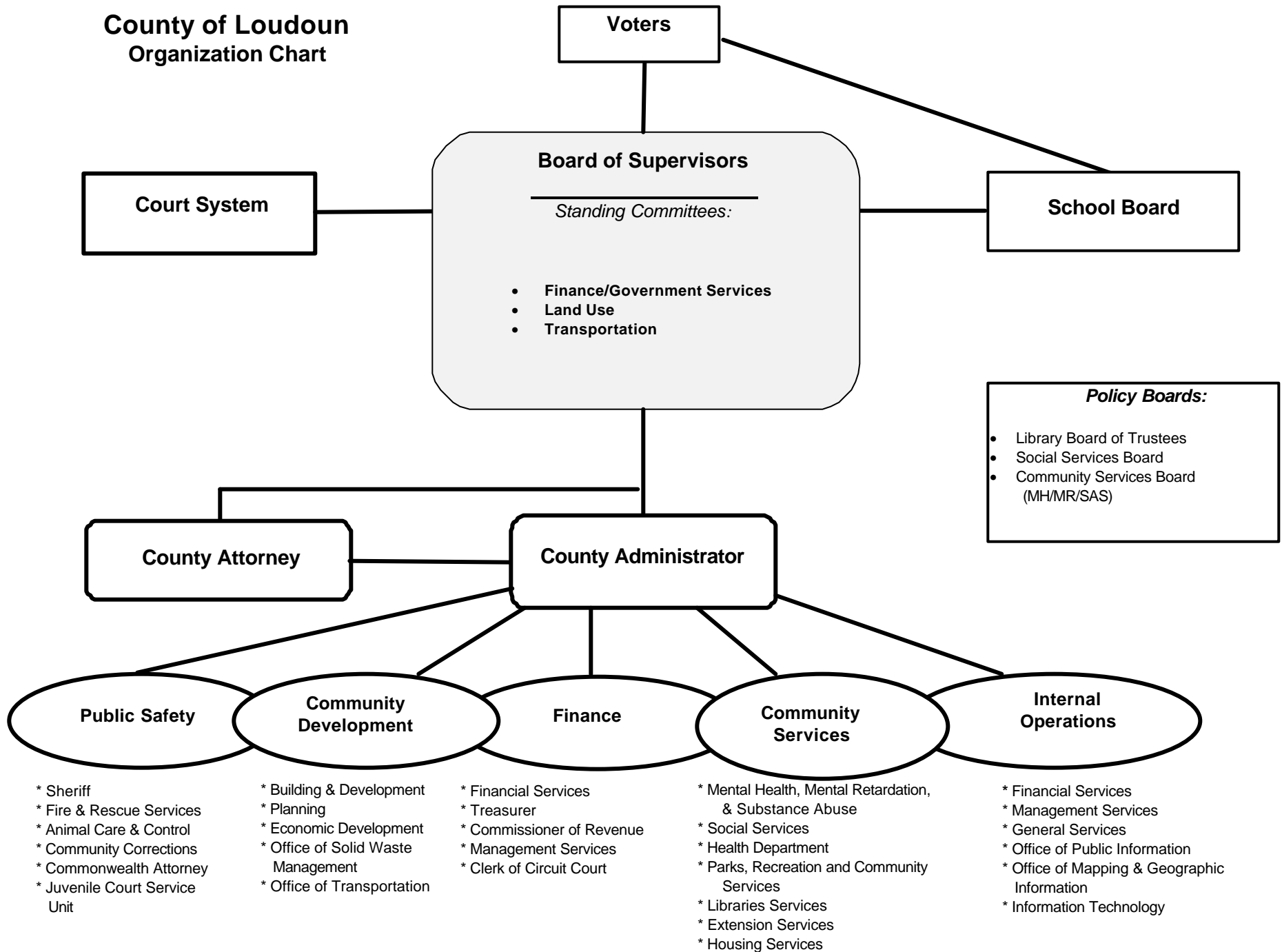
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas A. Duane
President

Jeffrey L. Esser
Executive Director

County of Loudoun Organization Chart



COUNTY OF LOUDOUN, VIRGINIA
Directory of Officials
June 30, 2002

BOARD OF SUPERVISORS

Scott K. York, Chairman
Eleanore C. Towe, Vice Chairman
Charles A. Harris
Sally R. Kurtz
J. Drew Hiatt
Mark R. Herring
James G. Burton
Eugene A. Delgaudio
William D. Bogard

At Large
Blue Ridge District
Broad Run District
Catoclin District
Dulles District
Leesburg District
Mercer District
Sterling District
Sugarland Run District

SCHOOL BOARD

Joseph W. Vogric, Chairman
Harry F. Holsinger, Vice Chairman
John A. Andrews
Geary M. Higgins
Frederick F. Flemming
Patrick F. Chorpennning, Jr.
J. Warren Geurin
Candyce P. Cassell
Thomas E. Reed

Dulles District
Blue Ridge District
Broad Run District
Catoclin District
Leesburg District
Mercer District
Sterling District
Sugarland Run District
At Large Member

CONSTITUTIONAL OFFICERS

Catherine V. Ashby
Robert D. Anderson
Gary M. Clemens
Stephen O. Simpson
H. Roger Zurn, Jr.

Commissioner of Revenue
Commonwealth's Attorney
Clerk of Circuit Court
Sheriff
Treasurer

ADMINISTRATIVE OFFICERS - GENERAL GOVERNMENT

Kirby M. Bowers
John A. Wells
Linda A. Neri
Candice L. deButts
Robert P. Griffin
John R. Roberts
M.E. (Mickey) Poole, Jr.
Paul N. Arnett

County Administrator
Deputy County Administrator
Deputy County Administrator
Deputy County Administrator
Assistant County Administrator
County Attorney
Director of Financial Services
Deputy Director of Financial Services/Comptroller

ADMINISTRATIVE OFFICERS - SCHOOL SYSTEM

Dr. Edgar B. Hatrick
Ned D. Waterhouse
Sharon D. Ackerman
Evan E. Mohler
C. Sue Hurd
Matthew D. Britt, IV
Douglas C. Holmes

Superintendent of Schools
Deputy Superintendent
Assistant Superintendent
Assistant Superintendent
Assistant Superintendent
Assistant Superintendent
Assistant Superintendent

COUNTY OF LOUDOUN

The County of Loudoun is a historic, transitional rural county that was established in 1757 and named for John Campbell, Fourth Earl of Loudoun. The County is located in the Northwestern tip of the Commonwealth of Virginia just west and north of Washington, D.C., and is considered to be part of the Northern Virginia and Washington Metropolitan areas. The County is approximately 517 square miles in size, covering 330,880 acres of land area, with a current population of approximately 136,485 and is one of the fastest growing jurisdictions in the Washington Metropolitan Area.

The County is governed by an elected body of representatives called the Board of Supervisors, with one Supervisor elected from each of the eight magisterial districts and one At-Large (Chairman) for a term of four years. The Board of Supervisors is the legislative and policy setting body for the County government, oversees general governmental operations, and is responsible for appropriating funds for the various County departments and agencies. A County Administrator is appointed by the Board of Supervisors to act as the Board's agent in the administration and operation of these departments and agencies. The Board also appoints the Planning Commission, the Library Board, the Social Services Board, as well as other advisory boards, commissions, committees, etc.

In addition to the Board of Supervisors, other elected County officials include: the School Board, the Commonwealth Attorney, Commissioner of Revenue, Treasurer, Sheriff and Circuit Court Clerk. The judges of the Circuit Court, General District Court, and the Juvenile and Domestic Relations District Court are elected by the State Legislature.

Loudoun County has the conveniences associated with urban areas, while maintaining a comfortable "Country-Living" atmosphere. The eastern portion of the County borders with Fairfax County, Virginia, and contains the rapidly expanding Dulles International Airport. This portion of the County has grown into a densely populated area with easy access to the Washington Metropolitan Area. This part of the County portrays the "suburban life", with many modern conveniences, easy access to schools, airport, shopping centers, etc. While Eastern Loudoun, experiencing heavy development pressures from the Washington Metropolitan Area, represents the new urban growth, Western Loudoun, bordered by the Blue Ridge Mountains to the west and Potomac River to the north, displays a rural and historical environment. The western portion of the County is made up of small towns and villages surrounded primarily by farmland and open spaces. This portion of the County is sparsely populated and represents the past, with many of the oldest historical sites in the United States. The combination of Eastern and Western Loudoun, of urban growth and historic stability, makes Loudoun County one of the most desirable counties in Northern Virginia for businesses and residents to locate.

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Loudoun, Virginia, as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Loudoun's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Loudoun County Sanitation Authority, which represent 56 percent and 46 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Loudoun County Sanitation Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* (June 2002 Revision) issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Loudoun, Virginia, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

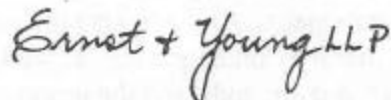
As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of July 1, 2001.

Management's Discussion and Analysis on pages 13 through 19 and other required supplementary information on pages 69 through 73 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Loudoun's basic financial statements. The Introductory Section, Schedules 1 through 41, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Schedules 1 through 41 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2002, on our consideration of the County of Loudoun's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



October 25, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COUNTY OF LOUDOUN, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002**

The following discussion and analysis of the County of Loudoun's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2002

The General Fund, on a current financial resource basis, reported expenditures and other financing sources and uses in excess of revenues by \$14.8 million (Exhibit V) after making a \$13.7 million transfer to the capital projects fund.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$475.4 million, which were \$37.9 million more than the general revenues of \$437.5 million (Exhibit II).

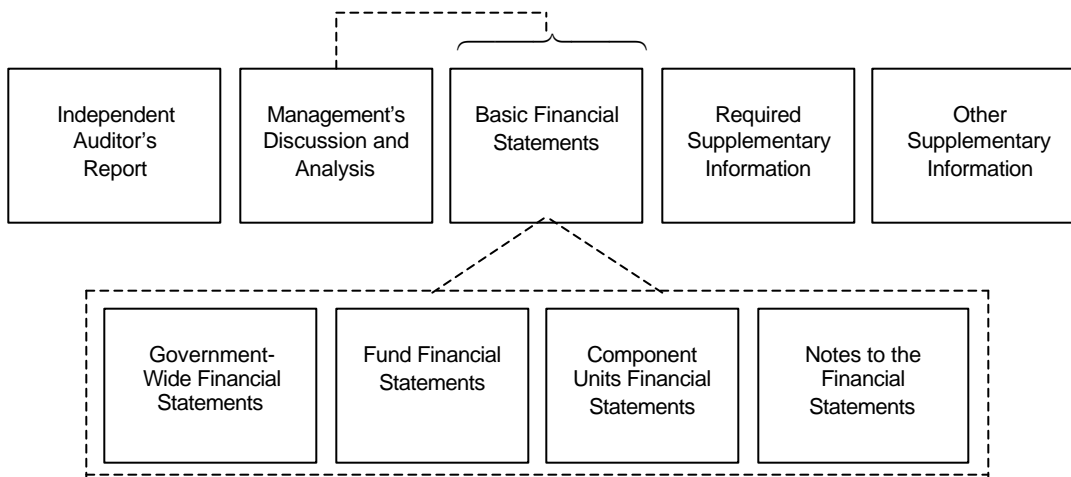
The County's total net assets excluding component units, on the government-wide basis, totaled (\$38.1) million at June 30, 2002. The negative net assets of the County is due primarily to the capital assets of the Component Unit-Schools being financed with bonds issued by the County.

On November 7, 2001, the County sold \$70.0 million in general obligation bonds at a true interest cost of 4.078%. The tax-exempt bonds, which will mature incrementally over the next 20 years, will be used to finance public improvements, including approximately 94% for School facilities.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, compliance and statistical. As the following chart shows, the financial section of this report has five components – *independent auditor's report*, *management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information* and *other supplementary information*.

COMPONENTS OF THE FINANCIAL SECTION



For the past 20 years, the primary focus of local government financial statements has been summarized fund type information on a current financial resource basis. This approach has been modified and the County's financial statements now present two kinds of statements, each with a different snapshot of the County's finances. The new focus is on both the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements, which are new, provide both long-term and short-term information about the County's overall financial status. The fund financial statements, which have been provided in the past, focus on the individual parts of the County government, reporting the County's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the County's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will need to be considered, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into the following:

Governmental activities – Most of the County's basic services are reported here: Public safety (law enforcement and traffic control, fire and rescue services, corrections and detention, and inspections); health and welfare (health, mental health and mental retardation, and social services); education (elementary, and secondary, and community college support); parks, recreation and cultural (including libraries and museums); community development (planning, zoning, housing, environmental management, and cooperative extension); limited public works (sanitation and waste removal, water and sewer, and maintenance); and general government administration (legislative, general and financial, elections and judicial). Property taxes, other local taxes, and state and federal grants finance most of these activities.

Component units – The County includes two separate legal entities in its report – Loudoun County School Board and Loudoun County Sanitation Authority. Although legally separate, these "component units" are included because the County is financially accountable and provides operating and capital funding for the Loudoun County School Board and the County is required to present the Sanitation Authority due to the cooperative financial relationship between the two bodies. The Sanitation Authority has a December 31 year-end. The audited financial statements of the Sanitation Authority are available by writing to:

Loudoun County Sanitation Authority
P. O. Box 4000
Leesburg, Virginia 20177

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in an accompanying schedule of the governmental funds statement that explains the relationship (or differences) between them.

Proprietary funds – These funds are used to account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position and cash flows. Cash and temporary investments related to these proprietary funds are all

highly liquid cash equivalents. The County's proprietary fund types consist of the Central Services Fund and the Self-insurance Fund. The operations of these funds are generally intended to be self-supporting.

The Central Services Fund is used to account for the financing of goods or services provided among County departments on a cost-reimbursement basis and includes such activities as central duplicating, telephone, mail, support, and vehicle services. The Self-insurance Fund is used to account for the accumulation of resources to pay for losses incurred by the partial or total retention of risk of loss arising out of the assumption of risk rather than transferring the risk to a third party through the purchase of commercial insurance, and includes such uninsured risks as health, workers' compensation and vehicle self-insurance programs.

Fiduciary funds— The County is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiary. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets (Exhibit I):

Table1
Summary of Statement of Net Assets
As of June 30, 2002

	Total Primary Government 2002	Component Units 2002
Current and other assets	\$275,616,124	\$443,319,692
Capital assets	204,816,454	735,889,440
Total assets	\$480,432,578	\$1,179,209,132
Other liabilities	89,285,007	70,994,045
Long term liabilities	429,200,336	139,796,999
Total liabilities	\$518,485,343	\$210,791,044
Net assets:		
Invested in capital assets, net of related debt	\$129,990,553	\$700,297,734
Restricted	19,588,007	28,742,339
Unrestricted	(187,631,325)	239,378,015
Total Net Assets	(\$38,052,765)	\$968,418,088

The County's combined net assets (which is the County's bottom line) decreased by \$37,860,672 to (\$38,052,765) from (\$192,093). This decrease in net assets relates to School construction costs financed by the County.

Statement of Activities

The following chart shows the revenue and expenses of the governmental activities (Exhibit II):

Table 2
Changes in Net Assets
For the Fiscal Year Ended June 30, 2002

	Total Primary Government 2002	Component Units 2002
Revenues:		
Program Revenues:		
Charges for services	\$39,097,255	\$36,316,634
Operating grants and contributions	33,766,984	127,572,741
Capital grants and contributions	193,272	-0-
General Revenues:		
Property taxes	317,240,240	-0-
Other taxes	67,888,486	-0-
Grants and contributions not restricted to specific programs	43,252,712	-0-
Other	9,135,889	16,651,145
Payment from County	-0-	292,800,657
Total Revenues	\$510,574,838	\$473,341,177
Expenses:		
General government	\$32,910,921	\$ -0-
Judicial administration	6,885,582	-0-
Public safety	61,733,681	-0-
Public works	27,095,894	24,178,225
Health and Welfare	53,175,297	-0-
Culture and recreation	27,969,841	-0-
Community development	21,625,101	-0-
Education	294,959,266	316,849,793
Interest on long-term debt	22,079,927	-0-
Total Expenses	\$548,435,510	\$341,028,018
Excess (Deficiency) before extraordinary item	(\$37,860,672)	\$132,313,159
Extraordinary item	-0-	\$2,210,417
Change in net assets	(\$37,860,672)	\$134,523,576
Net Assets Beginning of Year	(\$192,093)	\$833,894,512
Net Assets End of Year	(\$38,052,765)	\$968,418,088

Revenues

For the fiscal year ended June 30, 2002 revenues from governmental activities totaled \$510,366,561, an increase of \$79,848,982 from the prior fiscal year (Exhibit V).

Property tax revenue, the County's largest revenue source, increased \$55,987,089 from the prior fiscal year. In addition to this figure, the increase in revenues received from the Commonwealth of Virginia for the Personal Property Tax Relief Act of 1998 (PPTRA) is \$9,236,079 and is reflected in the increase in intergovernmental revenues. Other local taxes increased \$3,730,949 from the prior fiscal year due primarily to an increase in business tax. Miscellaneous revenue increased \$9,123,234 due to the reclassification of various trust funds to special revenue funds as mandated by GASB Statement No. 34. There was a decline of \$2,818,286 in permits and licenses due to a decrease in the issuance of building permits. Also, the use of money and property declined \$3,268,543 due to the overall reduction in interest rates.

Expenses/Expenditures

For the fiscal year ended June 30, 2002, expenses for governmental activities total \$580,944,814 (Exhibit V).

Education continues to be one of the County's highest priorities and commitments. Of the total expenses, \$293,609,984 represents education expenses and the transfer to schools. \$292,800,657 represents payment from the County government to the Component Unit – Schools.

Other expenditures with major increases from the prior fiscal year include public safety totaling \$61,004,791, an increase of \$15,579,555; health and welfare totaling \$52,396,932, an increase of \$13,565,878; public works totaling \$24,445,546, an increase of \$12,223,708; and debt service totaling \$49,654,571, an increase of \$11,639,178. These increases are directly attributable to the continued population growth experienced in the County.

General government administration expenses totaled \$31,881,582 and represented a \$4,233,210 increase over the prior fiscal year.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2002, the governmental funds reflect a combined fund balance of \$226,849,980. Of this amount, \$22,777,113 is reserved, \$53,771,690 is designated for fiscal cash liquidity, \$47,765,458 is designated for subsequent years capital projects, \$12,758,032 is designated for future debt service, and \$89,777,687 is undesignated (refer to Exhibit III).

General Fund Budgetary Highlights (Exhibit XV)

	FY2002		
	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$367,580,565	\$367,613,637	\$369,616,957
Intergovernmental	56,987,315	58,594,060	67,973,629
Other	37,823,437	39,223,616	38,872,534
Total	\$462,391,317	\$465,431,313	\$476,463,120
Expenditures and Transfers:			
Expenditures	\$209,531,346	\$210,466,543	\$190,584,064
Transfers	308,986,010	312,183,729	300,736,057
Total	\$518,517,356	\$522,650,272	\$491,320,121
Changes in Fund Balance	(\$56,126,039)	(\$57,218,959)	(\$14,857,001)

Expenditures and other financing sources exceeded revenues by \$14,857,001 in the general fund for fiscal year 2002. The transfers represent \$74,978,026 to other funds and \$225,758,031 to component units.

Actual general fund revenues exceeded the original budget by \$14,071,803 and exceeded the amended budget by \$11,031,807. Actual general fund expenditures and transfers were less than the original budget by \$27,197,235 and less than the amended budget by \$31,330,151. Refer to Exhibit XV for details of the variances.

Capital Assets

At the end of fiscal year 2002, the County's governmental fund has invested \$204,816,454 (see Note V) in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$11,714,722.

**Table 3
Governmental Funds
Change in Capital Assets**

	Balance June 30, 2001	Net Additions/Deletions	Balance June 30, 2002
Capital Assets:			
Land	\$63,729,837	\$642,900	\$64,372,737
Buildings	83,503,383	2,385,889	85,889,272
Improvements Other Than Buildings	11,929,659	90,335	12,019,994
Equipment	47,262,225	10,100,749	57,362,974
Construction in Progress	29,059,186	6,315,921	35,375,107
Accumulated Depreciation	(42,382,558)	(7,821,072)	(50,203,630)
Totals	\$193,101,732	\$11,714,722	\$204,816,454

During the fiscal year 2003 budget process, Loudoun County adopted a six-year Capital Improvement Program (CIP) that totaled \$885,716,000. The fiscal years 2003-2008 plan includes eight new elementary schools for \$145.1 million, renovation of an existing elementary school for \$4.3 million, a new middle school for \$33.4 million, three new high schools for \$177.9 million, renovation of an existing high school for \$16.8 million, the Dulles Corridor Rapid Transit System for \$153.1 million, a land acquisition fund for \$117.2 million, storm water management upgrades of \$3.1 million, general government space expansion of \$47.7 million, public safety capital improvements of \$63.7 million, health and welfare capital improvements of \$15.1 million, and parks, recreation and cultural capital improvements of \$105.3 million.

Long Term Debt

On November 7, 2001, the County issued \$70,000,000 in general obligation bonds to aid in financing general government and school capital projects. At the end of fiscal year 2002, the County had a \$416,306,645 in outstanding general obligation bonds and loans. This represents a net increase of \$42,745,440 from last year (see Note IX).

In fiscal year 2002, Standard and Poor's (S&P) and Fitch Credit Rating Services reaffirmed the County's AA+ bond ratings while Moody's Investors services, Inc., reaffirmed the rating of Aa1.

The Commonwealth limits the amount of general obligation debt the County can issue to ten percent of the assessed value of real property within the County. At the end of fiscal year 2002, this ratio was at 1.41%.

Economic Factors

Loudoun County's economic and demographic conditions reflect and are dependent upon the prevailing conditions of the Washington DC region. Loudoun County will likely remain as one of the two or three premiere business and residential addresses in the region. As such, the County will still receive a disproportionate share of any new employment and housing created in the region. While much of the United States has experienced real economic downturn over the past 24 months, the Washington area has continued to be one of the strongest regional economies. Regional forecasts predict continued job creation in the region, especially with the emphasis on "homeland security" and national defense. Loudoun will continue to experience high rates of residential new construction and some increase in commercial/industrial construction. While the residential element will remain at the level experienced in the 1998-2001 period, commercial construction will not be nearly as robust as recently experienced.

Contacting The County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. In future years, a comparative analysis of government-wide data will be presented. Questions concerning this report or requests for additional financial information should be directed to M.E. (Mickey) Poole, Director of Financial Services, County of Loudoun, Virginia, P.O. Box 7000, Leesburg, Va 20177-7000. The telephone number is (703) 777-0290 and the County's web-site is at www.loudoun.gov.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2002

	Primary Governmental Activities	Component Units	Total Reporting Entity	
ASSETS				
Cash and Cash Equivalents	\$ 205,326,033	\$ 97,486,308	\$ 302,812,341	
Cash and Investments with Fiscal Agents	35,038,447	37,668,428	72,706,875	
Receivables, Net:				
Taxes	18,069,998	-	18,069,998	
Accounts	2,894,712	9,776,844	12,671,556	
Receivables from Other Governments	10,932,801	5,167,995	16,100,796	
Inventory of Supplies	388,561	761,379	1,149,940	
Prepaid Items	889,321	130,789	1,020,110	
Capacity Rights, net of amortization	-	99,307,849	99,307,849	
Long-term Investments	-	190,674,651	190,674,651	
Other Assets, Net	2,076,251	2,345,449	4,421,700	
Capital Assets:				
Non-depreciable	99,747,844	236,974,127	336,721,971	
Depreciable, Net	105,068,610	498,915,313	603,983,923	
Capital Assets, Net	204,816,454	735,889,440	940,705,894	
Total Assets	480,432,578	1,179,209,132	1,659,641,710	
LIABILITIES				
Accounts Payable	12,275,789	20,348,420	32,624,209	
Accrued Interest Payable	6,551,455	3,815,287	10,366,742	
Accrued Liabilities	2,703,460	26,872,785	29,576,245	
Deferred Revenue	13,017,744	1,288,226	14,305,970	
Claims Liabilities	7,575,544	-	7,575,544	
Other Liabilities	2,436,812	3,321,246	5,758,058	
Long-term Liabilities				
Due Within One Year:				
Compensated Absences	9,263,353	9,305,319	18,568,672	
Bonds Payable	32,196,360	2,384,904	34,581,264	
Bond Premium	350,438	-	350,438	
Leases Payable	3,264,490	3,657,858	6,922,348	
Due in More Than One Year:				
Landfill Closure and Postclosure Care Costs	17,263,881	-	17,263,881	
Bonds Payable	384,110,285	133,654,196	517,764,481	
Bond Premium	2,985,222	-	2,985,222	
Leases Payable	24,490,510	6,142,803	30,633,313	
Total Liabilities	518,485,343	210,791,044	729,276,387	
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	129,990,553	700,297,734	451,165,428	A
Restricted for:				
Capital Projects	6,134,891	9,737,852	15,872,743	
Debt Service	13,453,116	18,722,378	32,175,494	
Cafeteria Sales	-	282,109	282,109	
Unrestricted	(187,631,325)	239,378,015	430,869,549	A
Total Net Assets	\$ (38,052,765)	\$ 968,418,088	\$ 930,365,323	

A The sum of the columns does not equal the Total Reporting Entity column by a difference of \$379,122,859 because the debt related to the School Board Component Unit is reflected in the primary government's general governmental activities column reducing unrestricted net assets. The assets are reflected in the School Board Component Unit column as invested in Capital Assets, net of related debt. The Total Reporting Entity column matches the asset with the debt and reports the net amount on the Invested in Capital Assets, net of related debt line.

**COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

Functions/Programs Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total Reporting Entity
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
Primary Government:							
General Government Administration	\$ 32,910,921	\$ 1,313,949	\$ 4,274,332	\$ -	\$ (27,322,640)	\$ -	\$ (27,322,640)
Judicial Administration	6,885,582	1,810,968	1,813,997	-	(3,260,617)	-	(3,260,617)
Public Safety	61,733,681	9,904,977	7,676,387	16,138	(44,136,179)	-	(44,136,179)
Public Works	27,095,894	8,660,964	794,810	-	(17,640,120)	-	(17,640,120)
Health and Welfare	53,175,297	5,621,583	18,695,880	-	(28,857,834)	-	(28,857,834)
Parks, Recreation and Culture	27,969,841	6,911,405	499,584	177,134	(20,381,718)	-	(20,381,718)
Community Development	21,625,101	4,640,060	11,994	-	(16,973,047)	-	(16,973,047)
Education	294,959,266	233,349	-	-	(294,725,917)	-	(294,725,917)
Interest on Long-term Debt	22,079,927	-	-	-	(22,079,927)	-	(22,079,927)
Total Primary Government	\$ 548,435,510	\$ 39,097,255	\$ 33,766,984	\$ 193,272	\$ (475,377,999)	-	\$ (475,377,999)
Component Units:							
School Board	\$ 316,849,793	\$ 8,824,175	\$ 80,225,869	\$ -	\$ -	\$ (227,799,749)	\$ (227,799,749)
Sanitation Authority	24,178,225	27,492,459	47,346,872	-	-	50,661,106	50,661,106
Total Component Units	\$ 341,028,018	\$ 36,316,634	\$ 127,572,741	\$ -	\$ -	\$ (177,138,643)	\$ (177,138,643)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					317,240,240	-	317,240,240
Other Local Taxes					67,888,486	-	67,888,486
Payment from County of Loudoun					-	292,800,657	292,800,657
Interest and Investment Earnings					7,298,991	13,533,785	20,832,776
Grants and Contributions Not Restricted to Specific Programs					43,252,712	-	43,252,712
Gifts and Donations					1,256,542	404	1,256,946
Miscellaneous					604,029	2,721,815	3,325,844
Gain/(Loss) on Sale of Assets					(23,673)	395,141	371,468
Extraordinary Item - Insurance Recoveries for Fire Damage					-	2,210,417	2,210,417
Total General Revenues and Extraordinary Item					437,517,327	311,662,219	749,179,546
Change in Net Assets					(37,860,672)	134,523,576	96,662,904
Net Assets at Beginning of Year					(192,093)	833,894,512	833,702,419
Net Assets at End of Year					\$ (38,052,765)	\$ 968,418,088	\$ 930,365,323

**COUNTY OF LOUDOUN, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002**

	General	Public Facility	Transportation District	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 77,913,245	\$ 36,625,119	\$ -	\$ 53,081,537	\$ 1,685,289	\$ 21,023,032	\$ 190,328,222
Cash and Investments with Fiscal Agents	63,229	-	12,860,307	6,134,891	14,508,141	3,750	33,570,318
Receivables, Net:							
Taxes	17,943,110	-	-	-	-	126,888	18,069,998
Accounts	2,169,524	-	564,738	140	-	423	2,734,825
Receivables from Other Governments	8,899,025	-	-	6,985	-	2,026,791	10,932,801
Due from Other Funds	7,342,898	-	-	-	-	-	7,342,898
Prepaid Items	426,072	-	-	-	-	463,249	889,321
Other Assets, Net	2,076,056	-	-	-	-	-	2,076,056
Total Assets	\$ 116,833,159	\$ 36,625,119	\$ 13,425,045	\$ 59,223,553	\$ 16,193,430	\$ 23,644,133	\$ 265,944,439
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 3,877,782	\$ 96,725	\$ 18,613	\$ 2,022,448	\$ 28,105	\$ 2,458,248	\$ 8,501,921
Accrued Liabilities	2,639,814	-	-	-	-	63,100	2,702,914
Deferred Revenue	16,521,786	-	-	-	-	1,630,313	18,152,099
Due to Other Funds	-	-	5,036,781	-	98,374	2,165,558	7,300,713
Other Liabilities	1,412,121	102,360	-	-	808,919	113,412	2,436,812
Total Liabilities	24,451,503	199,085	5,055,394	2,022,448	935,398	6,430,631	39,094,459
Fund Balances:							
Reserved for:							
Prepaid Items	426,072	-	-	-	-	-	426,072
Encumbrances	7,266,025	1,712	33,143	12,485,119	-	534,630	20,320,629
Non-current Notes and Loans Receivable	2,030,412	-	-	-	-	-	2,030,412
Unreserved, reported in:							
General Fund:							
Designated for Fiscal Cash Liquidity	50,561,690	-	-	-	-	-	50,561,690
Designated for Future Capital Projects	781,141	-	-	-	-	-	781,141
Undesignated	31,316,316	-	-	-	-	-	31,316,316
Special Revenue Funds:							
Designated for Fiscal Cash Liquidity	-	-	-	-	-	710,000	710,000
Undesignated	-	36,424,322	8,336,508	-	-	13,700,541	58,461,371
Capital Projects Funds:							
Designated for Appropriations	-	-	-	44,715,986	-	2,268,331	46,984,317
Debt Service Fund:							
Designated for Fiscal Cash Liquidity	-	-	-	-	2,500,000	-	2,500,000
Designated for Future Debt Service	-	-	-	-	12,758,032	-	12,758,032
Total Fund Balances	92,381,656	36,426,034	8,369,651	57,201,105	15,258,032	17,213,502	226,849,980
Total Liabilities and Fund Balances	\$ 116,833,159	\$ 36,625,119	\$ 13,425,045	\$ 59,223,553	\$ 16,193,430	\$ 23,644,133	\$ 265,944,439

**COUNTY OF LOUDOUN, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2002**

Fund balances - total governmental funds		\$ 226,849,980
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	234,963,401	
Less accumulated depreciation	<u>(39,258,117)</u>	195,705,284
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		5,134,355
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences	(9,263,353)	
Landfill closure and postclosure care costs	(17,263,881)	
Governmental bond payable	(416,306,645)	
Governmental leases payable	(27,755,000)	
Unamortized bond premium	<u>(3,335,660)</u>	(473,924,539)
Interest on long-term liabilities is not accrued in the governmental funds, but is rather recognized as an expenditures when due.		(6,551,455)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		14,733,610
Net Assets of Governmental Activities		<u><u>\$ (38,052,765)</u></u>

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	General	Public Facility	Transportation District	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES							
General Property Taxes	\$ 308,992,940	\$ -	\$ -	\$ -	\$ -	\$ 8,010,691	\$ 317,003,631
Other Local Taxes	60,624,017	-	3,498,185	-	-	3,968,304	68,090,506
Permits and Licenses	11,701,399	-	-	-	-	-	11,701,399
Intergovernmental	67,973,629	-	-	28,098	-	9,211,241	77,212,968
Charges for Services	10,321,129	-	-	1,655	-	33,480	10,356,264
Fines and Forfeitures	1,387,677	-	-	-	-	-	1,387,677
Use of Money and Property	6,154,036	936,741	256,680	-	1,332,551	58,514	8,738,522
Recovered Costs	5,264,162	-	-	77,302	-	665,740	6,007,204
Gifts and Donations	196,372	9,057,863	-	55,950	-	101,275	9,411,460
Miscellaneous	293,978	-	-	-	-	162,952	456,930
Total Revenues	472,909,339	9,994,604	3,754,865	163,005	1,332,551	22,212,197	510,366,561
EXPENDITURES							
Current Operating:							
General Government Administration	31,881,582	-	-	-	-	-	31,881,582
Judicial Administration	6,665,991	-	-	-	-	31,328	6,697,319
Public Safety	57,081,614	367,925	-	-	-	3,555,252	61,004,791
Public Works	13,041,880	-	1,893,160	2,739,653	-	6,770,853	24,445,546
Health and Welfare	40,214,226	-	-	-	-	12,182,706	52,396,932
Parks, Recreation and Culture	24,421,174	-	-	-	-	1,647,837	26,069,011
Community Development	17,104,894	3,220,796	-	-	-	1,036,319	21,362,009
Education and Transfer to School	225,259,984	-	-	-	68,350,000	-	293,609,984
Capital Outlay	-	-	-	13,687,706	-	135,363	13,823,069
Debt service:							
Principal Payments	-	-	-	-	28,794,549	89,560	28,884,109
Interest and Service Charges	-	-	-	-	20,754,484	15,978	20,770,462
Total Expenditures	415,671,345	3,588,721	1,893,160	16,427,359	117,899,033	25,465,196	580,944,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	57,237,994	6,405,883	1,861,705	(16,264,354)	(116,566,482)	(3,252,999)	(70,578,253)
OTHER FINANCING SOURCES (USES)							
Transfers In	2,883,031	-	5,154	27,547,072	41,477,915	9,686,463	81,599,635
Transfers (Out)	(74,978,026)	(2,239,384)	(1,755,667)	(122,858)	(2,800,000)	(1,016,541)	(82,912,476)
Faced Amount of Bond Issued plus Premium	-	-	-	-	73,514,921	-	73,514,921
Total Other Financing Sources (Uses)	(72,094,995)	(2,239,384)	(1,750,513)	27,424,214	112,192,836	8,669,922	72,202,080
Net Change in Fund Balances	(14,857,001)	4,166,499	111,192	11,159,860	(4,373,646)	5,416,923	1,623,827
Fund Balances at Beginning of Year	107,238,657	32,259,535	8,258,459	46,041,245	19,631,678	11,796,579	225,226,153
Fund Balances at End of Year	\$ 92,381,656	\$ 36,426,034	\$ 8,369,651	\$ 57,201,105	\$ 15,258,032	\$ 17,213,502	\$ 226,849,980

**COUNTY OF LOUDOUN, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2002**

Net change in fund balances - total governmental funds \$ 1,623,827

Amounts reported for governmental activities in the statement of net assets
(Exhibit II) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Expenditures for capital assets	16,886,880	
Less current year depreciation	<u>(5,832,313)</u>	11,054,567

In the Statement of Activities, only the gain (loss) on capital assets is reported while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset. (119,091)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue related to taxes 236,609

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal payments	28,884,109	
Bond proceeds plus premium	(73,514,921)	
Current year amortization of bond premium	<u>179,261</u>	(44,451,551)

Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absence liability	(2,601,884)	
Change in landfill closure/post-closure liability	(2,422,941)	
Change in accrued interest liability	<u>(1,488,726)</u>	(6,513,551)

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 308,518

Change in Net Assets of Governmental Activities	<u><u>\$ (37,860,672)</u></u>
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**COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2002**

	Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 14,997,811
Cash and Investments with Fiscal Agents	1,468,129
Receivables, Net	159,887
Inventory of Supplies	388,561
Prepaid Items	195
Total Current Assets	<u>17,014,583</u>
Noncurrent Assets:	
Capital Assets:	
Depreciable, Net	<u>9,111,170</u>
Total Noncurrent Assets	<u>9,111,170</u>
Total Assets	<u>\$ 26,125,753</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 3,773,868
Due to Other Funds	42,185
Accrued Liabilities	546
Total Current Liabilities	<u>3,816,599</u>
Noncurrent Liabilities:	
Claims Liabilities	<u>7,575,544</u>
Total Noncurrent Liabilities	<u>7,575,544</u>
Total Liabilities	<u>\$ 11,392,143</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 9,111,170
Unrestricted	<u>5,622,440</u>
Total Net Assets	<u>\$ 14,733,610</u>

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 46,939,408
Use of Property	112,920
Total Operating Revenues	<u>47,052,328</u>
Operating Expenses:	
Claims	31,145,930
Personnel Services	2,057,171
Other Services and Charges	9,950,311
Materials and Supplies	2,854,781
Depreciation	2,775,841
Total Operating Expenses	<u>48,784,034</u>
Operating (Loss)	(1,731,706)
Non-Operating Revenues:	
Gain on Sale of Fixed Assets	90,759
Total Non-Operating Revenue	<u>90,759</u>
Net (Loss) Before Operating Transfers	<u>(1,640,947)</u>
Transfers In	3,949,465
Transfers (Out)	(2,000,000)
	<u>1,949,465</u>
Change in Net Assets	308,518
Net Assets at Beginning of Year	14,425,092
Net Assets at End of Year	<u><u>\$ 14,733,610</u></u>

See accompanying notes to the financial statements

**COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Internal Service Funds
Cash Flows from Operating Activities	
Receipts from Customers	\$ 46,858,634
Payments to Suppliers	(41,843,373)
Payments to Employees	(2,089,085)
Net Cash Provided by (Used in) Operating Activities	<u>2,926,176</u>
Cash Flows from Noncapital Financing Activities:	
Transfers In	3,949,465
Transfers (Out)	(2,000,000)
Net Cash Flows from Noncapital Financing Activities	<u>1,949,465</u>
Cash Flows from Capital and Related Financing Activities:	
Additions to Capital Assets	(3,555,086)
Proceeds from Sale of Capital Assets	90,759
Net Cash Flows from Capital and Related Financing Activities	<u>(3,464,327)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,411,314
Cash and Cash Equivalents (including those held with Fiscal Agents) at Beginning of Year	15,054,626
Cash and Cash Equivalents (including those held with Fiscal Agents) at End of Year	<u><u>\$ 16,465,940</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:	
Operating Income (Loss)	<u>\$ (1,731,706)</u>
Adjustment Not Affecting Cash:	
Depreciation	2,775,841
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:	
Receivable, Net	(136,114)
Inventory of Supplies	(57,580)
Accounts Payable	1,266,480
Due to Other Funds	9,833
Accrued Liabilities	(31,914)
Claims Liabilities	831,336
Total Adjustments	<u>4,657,882</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 2,926,176</u></u>

See accompanying notes to the financial statements

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF JUNE 30, 2002

	<u>Employee Retirement Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 219,066	\$ 14,673,504
Cash and Investments with Fiscal Agents	7,480,797	-	-
Other Assets, Net	-	149	-
Total Assets	<u>\$ 7,480,797</u>	<u>\$ 219,215</u>	<u>\$ 14,673,504</u>
LIABILITIES			
Accounts Payable and Others	\$ -	\$ -	\$ 14,673,504
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,673,504</u>
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 7,480,797</u>	<u>\$ 219,215</u>	

See accompanying notes to the financial statements

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Employee Retirement Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 793,984	\$ -
Gifts and Donations	-	91,303
Total Contributions	<u>793,984</u>	<u>91,303</u>
Investment Earnings:		
Interest	391,129	1,133
Total Investment Earnings	<u>391,129</u>	<u>1,133</u>
Total Additions	<u>1,185,113</u>	<u>92,436</u>
DEDUCTIONS		
Benefits	583,362	-
Administrative Expense	10,394	89,074
Total Deductions	<u>593,756</u>	<u>89,074</u>
Change in Net Assets	591,357	3,362
Net Assets at Beginning of Year	6,889,440	215,853
Net Assets at End of Year	<u><u>\$ 7,480,797</u></u>	<u><u>\$ 219,215</u></u>

See accompanying notes to the financial statements

**COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF JUNE 30, 2002**

	School Board	Sanitation Authority	Total
ASSETS			
Cash and Cash Equivalents	\$ 16,995,205	\$ 80,491,103	\$ 97,486,308
Cash and Investments with Fiscal Agents	9,773,547	27,894,881	37,668,428
Receivables, Net	477,727	9,299,117	9,776,844
Due from Other Governments	5,167,995	-	5,167,995
Inventory of Supplies	261,103	500,276	761,379
Prepaid Items	52,655	78,134	130,789
Capacity Rights, net of amortization	-	99,307,849	99,307,849
Long-term Investments	-	190,674,651	190,674,651
Other Assets	-	2,345,449	2,345,449
Capital Assets:			
Non-depreciable	192,295,724	44,678,403	236,974,127
Depreciable, Net	302,745,874	196,169,439	498,915,313
Capital Assets, Net	495,041,598	240,847,842	735,889,440
Total Assets	527,769,830	651,439,302	1,179,209,132
LIABILITIES			
Accounts Payable	18,889,458	1,458,962	20,348,420
Accrued Interest Payable	310,037	3,505,250	3,815,287
Accrued Liabilities	26,813,209	59,576	26,872,785
Deferred Revenue	464,536	823,690	1,288,226
Other Liabilities	3,729	3,317,517	3,321,246
Long-term Liabilities			
Due Within One Year:			
Compensated Absences	8,528,721	776,598	9,305,319
Bonds Payable	-	2,384,904	2,384,904
Leases Payable	3,657,858	-	3,657,858
Due In More Than One Year:			
Bonds Payable	-	133,654,196	133,654,196
Leases Payable	6,142,803	-	6,142,803
Total Liabilities	64,810,351	145,980,693	210,791,044
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	484,930,900	215,366,834	700,297,734
Restricted for:			
Capital Projects	9,737,852	-	9,737,852
Debt Service	-	18,722,378	18,722,378
Cafeteria Sales	282,109	-	282,109
Unrestricted (Deficit)	(31,991,382)	271,369,397	239,378,015
Total Net Assets	\$ 462,959,479	\$ 505,458,609	\$ 968,418,088

See accompanying notes to the financial statements

**COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2002**

Functions/Programs Activities	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	School Board	Sanitation Authority	Totals
School Board						
Education	\$ 316,849,793	\$ 8,824,175	\$ 80,225,869	\$ (227,799,749)	\$ -	\$ (227,799,749)
Total School Board	<u>\$ 316,849,793</u>	<u>\$ 8,824,175</u>	<u>\$ 80,225,869</u>	<u>\$ (227,799,749)</u>	<u>\$ -</u>	<u>\$ (227,799,749)</u>
Sanitation Authority	\$ 24,178,225	\$ 27,492,459	\$ 47,346,872		\$ 50,661,106	\$ 50,661,106
Total Component Units	<u>\$ 341,028,018</u>	<u>\$ 36,316,634</u>	<u>\$ 127,572,741</u>	<u>\$ (227,799,749)</u>	<u>\$ 50,661,106</u>	<u>\$ (177,138,643)</u>
General Revenues:						
Payment from County of Loudoun				292,800,657	-	292,800,657
Interest and Investment Earnings				26,357	13,507,428	13,533,785
Gifts and Donations				404	-	404
Miscellaneous				205,921	2,515,894	2,721,815
Gain/(Loss) on Sale of Assets				(113,577)	508,718	395,141
Extraordinary Item - Insurance Recoveries for Fire Damage				2,210,417	-	2,210,417
Total General Revenues and Extraordinary Item				<u>295,130,179</u>	<u>16,532,040</u>	<u>311,662,219</u>
Change in Net Assets				67,330,430	67,193,146	134,523,576
Net Assets at Beginning of Year				395,629,049	438,265,463	833,894,512
Net Assets at End of Year				<u>\$ 462,959,479</u>	<u>\$ 505,458,609</u>	<u>\$ 968,418,088</u>

COUNTY OF LOUDOUN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Loudoun, Virginia (the County), have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the County are described below.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

(A) REPORTING ENTITY

The County is a political subdivision of the Commonwealth of Virginia (the State), governed by a nine member elected Board of Supervisors and an appointed County Administrator. As required by accounting principles generally accepted in the United States, the financial statements present the government (the Primary Government) and its component units, the Loudoun County Public School System (the Schools) and the Loudoun County Sanitation Authority (the Sanitation Authority). The County of Loudoun Virginia, reporting entity is determined by certain criteria established by the GASB. The judgment whether to include or exclude activities is dependent upon the evaluation of certain criteria established by GASB.

Component Units - As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the government.

The Loudoun County School Board - The Schools are responsible for elementary and secondary education within the County's jurisdiction. Members of the Schools' governing board (the School Board) are elected. They were most recently elected in November 1999, and assumed their responsibilities on January 1, 2000. The Schools are fiscally dependent upon the County because the County's Board of Supervisors approves the School's budget, levies taxes (if necessary) and issues bonds for School capital projects and improvements. The Schools' financial statements are identified as Schedules 37 and 38 in the accompanying Table of Contents. The Schools also have a June 30 year-end.

The Loudoun County Sanitation Authority - The Loudoun County Sanitation Authority was created on May 27, 1959 as a public body politic and corporate under the provisions of the Virginia Water and Waste Authorities Act (Chapter 28, Title 15.1, Section 1239 et. seq., Code of Virginia (1950), as amended), for the purpose of acquiring, constructing, operating and maintaining for Loudoun County (a) an integrated water supply and distribution system, and (b) an integrated sewerage and sewage disposal system, and for the purpose of exercising the powers conferred by the Virginia Water and Waste Authorities Act. The Primary Government and Sanitation Authority have entered into agreements to obtain loans through the Virginia Revolving Loan Fund to finance the design and construction of wastewater collection facilities for various communities in the County. The County levies and collects real property taxes in these various service districts in amounts sufficient to cover the Sanitation Authority's loan payments. As of June 30, 2002, there are two such loans outstanding with balances of \$1,596,456 and \$398,408. Because of this cooperative financial relationship between the two bodies, the County is required to present the Sanitation Authority as a component unit even though the two bodies are otherwise financially independent of one another. The Sanitation Authority has a December 31 year-end and the financial statements for the year ended December 31, 2001 are presented herein, as a discretely presented component unit. The audited financial statements of the Sanitation Authority are available by writing to:

Loudoun County Sanitation Authority
P.O. Box 4000
Leesburg, Virginia 20177

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis* – for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the primary government and its component units. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Assets – The Statement of Net Assets is designed to display financial position of the primary government and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Assets and will report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The new government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

The government reports the following major governmental funds:

- a. General Fund – This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.
- b. Public Facility and Services Trust Fund – This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for any public facility or service purpose.
- c. Transportation District Trust Fund – This fund is used to account for monies collected as local gas sales tax, restricted to use for transportation purposes.
- d. Capital Projects Fund – This fund is used to account for the purchase and/or construction of major capital facilities, including buildings, land, major equipment and other long-lived improvements for the general government. Financing is provided primarily by bond issues, State and Federal grants and transfers from the General Fund.

- e. Debt Service Fund – This fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on long-term general obligation debt of governmental funds.

The government reports the following proprietary fund types:

These funds are used to account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position, and cash flows. Cash and temporary investments related to these proprietary funds are all highly liquid cash equivalents. The County's proprietary fund types consist of the Central Services Fund and the Self-Insurance Fund. These funds are included in governmental activities for government-wide reporting purposes. The excess revenue or expenses for these funds are allocated to the appropriate functional activity. The operations of these funds are generally intended to be self-supporting.

- a. Central Services Fund – This fund is used to account for the financing of goods or services provided among County departments on a cost-reimbursement basis and includes such activities as central duplicating, telephone, mail, support and fleet management services.
- b. Self Insurance Fund – This fund is used to account for the accumulation of resources to pay for losses incurred by the partial or total retention of risk of loss arising out of the assumption of risk rather than transferring that risk to a third party through the purchase of commercial insurance, and includes such uninsured risks as health, workers' compensation, and vehicle self-insurance programs.

Additionally, the government reports the following fund types:

- a. Private-purpose Trust Funds - This fund is used to account for the assets received and disbursed by the government acting in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.
- c. Pension Trust Fund – This fund is used to account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

In accordance with the provisions of GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, (GASB No. 20) the County continues to apply all applicable GASB pronouncements and has elected to apply only those Financial Accounting Standards Board Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes.

Amounts reported as *program revenue* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service fund are charges to the County departments on a cost-reimbursement basis for goods or services provided, includes such activities as central duplicating, telephone, mail, support and fleet management services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL PRESENTATION

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash

flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred revenues and property taxes receivable when billed, net of allowances for uncollectible amounts of \$2,342,041 and \$2,569,275 as of June 30, 2002 and 2001, respectively. Real and personal property taxes recorded at June 30, and received within the first 60 days after year-end are included in tax revenues, with the related amount reduced from deferred revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally in one to two months preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general purpose grants are recognized during the period to which the grants apply.

The property tax calendar is as follows:

	Real <u>Property</u>	Personal <u>Property</u>
Lien Date	Jan 5/Jul 5	Nov 5/Jun 5
Assessment Date	Jan 1	Jan 1
Levy Date	Apr 1	Mar 1
Due Date and Collection Date	Jun 5/Dec 5	Oct 5/May 5

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include: (1) accumulated unpaid vacation leave, sick leave, and other employee amounts, which are recorded as compensated absences, and are recognized when paid, and (2) principal and interest payments on general long-term debt, both of which are recognized when paid.

See Note XVIII which includes the detailed accounting policies of the Sanitation Authority.

(D) BUDGETS

Budgets are prepared and adopted on a basis consistent with accounting principles generally accepted in the United States. Annual appropriation resolutions and budgets are adopted for the General, Special Revenue, Debt Service Funds, Schools and the Sanitation Authority. The proposed budget also includes a recommended program of capital expenditures to be financed from current operations and a separate five-year capital improvement plan. All annual appropriations lapse at fiscal year-end with the exception of the Capital Project Funds, for which project-length budgets are adopted.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental fund. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

During fiscal year 2002, supplemental increased (decreased) appropriations were approved as follows:

General Fund	\$935,397
County-Wide Sewer Service District Fund	(\$401,903)
Federal Forfeited Property Fund	\$245,862
Hotel and Motel Room Tax Fund	\$30,000
Revenue Maximization Fund	\$219,140
Hamilton Sewer Service District Fund	\$120,994
Capital Assets Replacement Fund	(\$1,509,646)
Sheriff's Fund	\$14,500
Transportation Fund	(\$372,080)
Uran Fund	\$25,000

Transportation District Fund	(\$150,533)
Capital Projects Fund	(\$6,780,762)
Schools	\$21,626,820
Emergency 911 Fund	(\$233,713)

As of June 30, 2002, the Community Development Fund had a deficit fund balance of \$12,389. The deficit will be eliminated through the scheduled payments of the Community Development Block Grant loans.

(E) CASH AND TEMPORARY INVESTMENTS

Within cash and temporary investments the County includes amounts in demand deposits as well as short-term investments with a maturity date generally within three months of the date acquired by the County.

In accordance with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools ("GASB No. 31"), investments are stated at fair value.

For the Capital Projects and Debt Service Funds, interest income on cash held with fiscal agents and trustees is recorded within these respective funds.

The County does not record any investments at amortized cost.

(F) RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

(G) INVENTORIES OF SUPPLIES

Inventories are valued at the lower of cost or market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

(H) PREPAID ITEMS

Prepaid items are payments made to vendors for services that will benefit periods after June 30, 2002.

(I) NONCURRENT NOTES AND LOANS RECEIVABLE

Noncurrent portions of long-term notes and loans receivables, net of allowances, are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

(J) CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	45
Building Improvements	10-25
Vehicles	5
Office Equipment	5-10
Computer Equipment	5

(K) COMPENSATED ABSENCES

1. Primary Government Employees - In 1994, the Primary Government adopted a policy under which employees can accumulate and be paid-out upon employment separation, a maximum of 364 hours of earned but unused annual (vacation) leave. Employees with accrued balances in excess of 364 hours may utilize their accumulated balances in excess of 364 hours prior to December 31. Annual leave hours accrued in excess of 364 hours by each employee during each year are calculated at December 31, with the Primary Government converting those excess hours into additional sick leave hours.

As of June 30, 2002, a liability of \$7,200,422 has been recorded, representing the Primary Government's commitment to pay such costs in future periods.

Beginning July 1, 2001, employees with 10 years of service will be compensated for unused sick leave when they leave County employment. Employees meeting this criteria will be compensated for 25% of unused sick leave to a maximum amount of \$10,000 per individual. As of June 30, 2002, a liability of approximately \$2,062,931 was recorded on the County's statement of net assets (Exhibit I).

2. School System Employees - School employees, other than teachers, are allowed to accumulate a maximum of 480 hours of vacation leave which will be paid-out upon employment separation. Teachers do not accumulate annual leave. Additionally, all School employees with ten or more years of service are compensated for a portion of earned, but unused sick leave upon employment separation to a maximum amount of \$6,000 per individual. At June 30, 2002, a liability of \$8,528,721 has been reflected for vacation and sick leave which employees have accumulated and may be paid upon employment separation.

(L) LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

(M) FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(N) NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, GASB released Statement No. 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments (GASB No. 34). This Statement establishes a new financial reporting model for state and local governments. This new model requires that, at a minimum, the basic financial statements should consist of management's discussion and analysis, government-wide financial statements (prepared using the economic resources measurement focus and the accrual basis of accounting), fund financial statements (prepared using the current financial resources measurement focus and the modified accrual basis of accounting), notes to the financial statements and other required supplementary information. GASB No. 34 was implemented by the County in fiscal year 2002 and has a significant impact on the financial statements of the County.

In April 2000, GASB released Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues (GASB No. 36). This Statement is an amendment of GASB Statement No. 33, paragraph 28 and has been implemented by the County.

In June 2001, GASB released Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus an amendment of GASB Statements No. 21 and No. 34 (GASB No. 37). This Statement is an amendment of certain paragraphs of GASB statements No. 21 and No. 34 relating to fiduciary funds. GASB No. 37 was implemented by the County in fiscal year 2002.

In June 2001, GASB released Statement No. 38, Certain Financial Statement Note Disclosures (GASB No. 38). This Statement coincides with GASB Statement No. 34 and modifies, establishes, and rescinds certain financial statement disclosure requirements. GASB No. 38 was implemented by the County in fiscal year 2002.

In May 2002, GASB released Statement No. 39, Determining Whether Certain Organizations Are Component Units (GASB No. 39). This Statement amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. This statement will become effective for the County July 1, 2003.

NOTE II - LEGAL COMPLIANCE – BUDGETS

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the County Administrator submits a proposed operating and capital budget for the fiscal year, commencing on the following July 1, to the Board of Supervisors. The operating and capital budget includes proposed expenditures and the related financing.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the Fund level. The appropriation for each Fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within County general government funds. The School Board is authorized to transfer budgeted amounts within the school system's funds.
5. Formal budgetary integration is employed at the character level within each department or capital project as a management control device during the year for the General Fund, Special Revenue Funds, Component Unit-Schools, Debt Service Fund, and Capital Project Funds.
6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for State and Local governments.
7. Appropriations lapse on June 30 for all County units except for the Capital Project Funds which carry unexpended balances into the following year on a continuing appropriation basis.
8. All budget amounts presented in the accompanying financial statements are the revised budget amounts as of June 30.

NOTE III - BANK DEPOSITS AND INVESTMENTS

Bank Deposits: At year-end, the carrying value of the County's deposits with banks and savings institutions was (\$2,868,367) which relates to checks which have been written and not cleared, and the bank balance was \$605,462. All bank balances during the year were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board (the Board). Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The deposits collateralized under the Act are considered to be insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan institutions. The carrying amount of deposits for the Component Unit - Schools, was \$2,408,371 and the bank balance was \$2,408,371. All bank balances during the year were covered by federal depository insurance or collateralized in accordance with the Act.

Investments - State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), African Development Bank and Asian Development Bank, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Treasurer's Non-Arbitrage Program (SNAP).

The County's investments are categorized on the following page to give an indication of the level of risk assumed by the entity at year-end.

- Category 1 includes investments that are insured or registered, for which the securities are held by the County or its safekeeping agent in the County's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's agent or the trust department of a financial institution in the County's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, counter-party's agent, or by the trust department of a financial institution, but not in the County's name.

Certain investments indicated in the following table, are not subject to categorization. These investments include those in pools managed by other governments and mutual funds because they are not evidenced by securities that exist in physical or book entry form.

The County invests in an externally managed investment pool, LGIP, that is not SEC-registered. Pursuant to SEC. 2.1-234.7 of the Code of Virginia (1950), as amended, the State Treasury Board sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the State Treasury Board at their regularly scheduled monthly meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares.

The equity in the Northern Virginia Transportation Commission (NVTC) investment pool is also invested in the externally managed investment pool, LGIP, that is described above, and the fair value of the position in the NVTC investment pool is the same as the value of the pool shares.

At year end, the Primary Government's investment and deposit balances were as follows:

	Category			Carrying Value	Fair Value
	1	2	3		
U.S. Government Securities	\$48,684,753	\$ -0-	\$ -0-	\$48,684,753	\$48,684,753
Commercial Paper	44,403,251	-0-	-0-	44,403,251	44,403,251
Bankers' Acceptances	10,905,181	-0-	-0-	10,905,181	10,905,181
Government Agencies	37,109,433	-0-	-0-	37,109,433	37,109,433
Repurchase Agreements	-0-	-0-	645,000	645,000	645,000
Sub-total	\$141,102,618	\$ -0-	\$645,000	\$141,747,618	\$141,747,618
Investment Not Subject to Categorization:					
Investments in LGIP				80,535,322	80,535,322
Equity in VPSA Bond Pool Fund				20,643,032	20,643,032
Equity in NVTC Investment Pool				12,860,307	12,860,307
Pension Plan Guaranteed Annuity				7,480,797	7,480,797
Total Investments				\$263,267,076	\$263,267,076
Escrow Accounts				1,535,108	
Cash on Hand				802,990	
Total Bank Deposits				(2,868,367)	
Total Deposits and Investments				\$262,736,807	

At year-end, the Component Unit-Schools' investment balances were as follows:

	Category			Carrying Value	Fair Value
	1	2	3		
U.S. Government Securities				\$ -0-	\$ -0-
Sub-Total				-0-	-0-
Investment Not Subject to Categorization:					
Investments in LGIP				16,995,205	16,995,205
Equity in VPSA Bond Pool Fund				9,773,548	9,773,548
Total Investments				26,768,753	\$26,768,753
Total Bank Deposits				2,408,371	
Total Deposits and Investments				\$29,177,124	

Due to significantly higher cash flows at certain times during the year, the County's investment in overnight repurchase agreements (or other authorized investment vehicles), for which the underlying securities were held by the dealer, increased significantly. As a result, the amounts included in Category 3 at those times were significantly higher than at year-end.

NOTE IV – RECEIVABLES FROM OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2002, are summarized as follows:

	Primary Government			Component Unit-Schools	Reporting Entity Total
	General Fund	Special Revenue Fund	Capital Projects Fund	School Operating Fund	Total
Commonwealth of Virginia	\$8,305,406	\$2,026,791	\$ -0-	\$4,266,042	\$14,598,239
Federal Government	593,619	-0-	6,985	901,953	1,502,557
Total	\$8,899,025	\$2,026,791	\$6,985	\$5,167,995	\$16,100,796

NOTE V - CAPITAL ASSETS

The changes in capital assets are summarized as follows:

(A) CAPITAL ASSETS

	Primary Government				
	Balance July 1, 2001	Additions/ Increases	Retirements/ Decreases	Transfer	Balance June 30, 2002
Capital Assets Not Being Depreciated:					
Land	\$63,729,837	\$642,900	\$ -0-	\$ -0-	\$ 64,372,737
Construction in Progress	29,059,186	6,315,921	-0-	-0-	35,375,107
Total Capital Assets Not Being Depreciated	\$ 92,789,023	\$ 6,958,821	\$ -0-	\$ -0-	\$ 99,747,844
Other Capital Assets:					
Buildings	\$83,503,383	\$ 2,385,889	\$ -0-	\$ -0-	\$85,889,272
Improvements Other than Buildings	11,929,659	90,335	-0-	-0-	12,019,994
Equipment	47,262,225	11,075,908	(975,159)	-0-	57,362,974
Total Other Capital Assets	\$142,695,267	\$13,552,132	(\$975,159)	\$ -0-	\$155,272,240
Less Accumulated Depreciation for:					
Buildings	(\$14,619,749)	(\$1,989,852)	\$ -0-	\$ -0-	(\$16,609,601)
Improvements Other than Buildings	(2,812,949)	(1,130,119)	-0-	-0-	(3,943,068)
Equipment	(24,949,860)	(5,488,183)	787,082	-0-	(29,650,961)
Total Accumulated Depreciation	(\$42,382,558)	(\$8,608,154)	\$ 787,082	\$ -0-	(\$50,203,630)
Other Capital Assets, Net	\$100,312,709	\$ 4,943,978	(\$188,077)	\$ -0-	\$105,068,610
Totals	\$193,101,732	\$11,902,799	(\$188,077)	\$ -0-	\$204,816,454

Primary government capital assets, net of accumulated depreciation, at June 30, 2002 are comprised of the following:

General capital assets, net	\$195,705,284
Internal service fund capital assets, net	9,111,170
Total	<u>\$204,816,454</u>

Depreciation was charged to governmental functions as follows:

General government administration	\$4,617,006
Judicial administration	67,419
Public safety	1,193,123
Public works	363,467
Health and welfare	430,450
Parks and recreation	1,867,239
Community development	69,450
Total	<u>\$8,608,154</u>

	Component Unit – Schools				
	Balance July 1, 2001	Additions Increases	Retirements Decreases	Transfer	Balance June 30, 2002
Capital Assets Not Being Depreciated:					
Land	\$ 21,241,531	\$ 1,577,587	\$ -0-	\$ -0-	\$ 22,819,118
Construction in Progress	84,839,830	112,749,226	-0-	(28,112,450)	169,476,606
Total Capital Assets Not Being Depreciated	\$106,081,361	\$114,326,813	\$ -0-	(\$28,112,450)	\$192,295,724
Other Capital Assets:					
Buildings	\$312,519,308	\$ 6,969,434	\$ -0-	\$28,112,450	\$347,601,192
Improvements Other than Buildings	762,409	-0-	-0-	-0-	762,409
Equipment	39,800,349	8,646,156	(1,232,730)	-0-	47,213,775
Total Other Capital Assets	\$353,082,066	\$ 15,615,590	(\$1,232,730)	\$28,112,450	\$395,577,376
Less Accumulated Depreciation for:					
Buildings	(\$57,085,865)	(\$6,658,934)	\$ -0-	\$ -0-	(\$63,744,799)
Improvements Other than Buildings	(406,602)	(61,570)	-0-	-0-	(468,172)
Equipment	(23,748,678)	(5,985,533)	1,115,680	-0-	(28,618,531)
Total Accumulated Depreciation	(\$81,241,145)	(\$12,706,037)	\$1,115,680	\$-0-	(\$92,831,502)
Other Capital Assets, Net	\$271,840,921	\$ 2,909,553	(\$ 117,050)	\$28,112,450	\$302,745,874
Totals	\$377,922,282	\$117,236,366	(\$ 117,050)	\$ -0-	\$495,041,598

All depreciation was charged to education.

A fire occurred on January 22, 2002 at Loudoun County High School and the schools received an insurance claim payment in the amount of \$2,210,417.

Construction in progress and construction commitments is composed of the following:

	Primary Government				
Function/Program	Program Authorization	Transferred To Fixed Assets By June 30, 2002	Construction In Progress At June 30, 2002	Construction Commitments At June 30, 2002	Remaining Commitments At June 30, 2002
General Government Administration	\$49,912,187	\$33,307,147	\$ 163,976	\$ 91,037	\$16,350,027
Judicial Administration	30,006,355	298,911	24,832,347	2,663,474	2,211,623
Public Safety	78,472,809	15,885,436	5,310,735	3,889,418	53,387,220
Public Works	13,048,303	9,356,179	-0-	23,200	3,668,924
Health and Welfare	2,301,638	326,617	79,961	14,943	1,880,117
Parks, Recreation and Cultural	65,277,051	24,566,355	4,988,088	5,803,047	29,919,561
Total – Primary Government	\$239,018,343	\$83,740,645	\$35,375,107	\$12,485,119	\$107,417,472

	Component Unit – Schools				
Function/Program	Program Authorization	Transferred To Fixed Assets By June 30, 2002	Construction In Progress At June 30, 2002	Construction Commitments At June 30, 2002	Remaining Commitments At June 30, 2002
Education	\$707,183,639	\$306,843,520	\$169,476,606	\$55,905,070	\$174,958,443
Total – Component Unit -Schools	\$707,183,639	\$306,843,520	\$169,476,606	\$55,905,070	\$174,958,443

NOTE VI - RISK MANAGEMENT

The County General Government's automobile liability and general liability protection are administered within the Virginia Municipal Liability Pool. Both agreements have a \$2 million per occurrence limit. The general liability protections have a \$2 million aggregate limit. Both policies have a \$100,000 retention. Member jurisdictions contribute to the pool based on their size and past claims experience. The County is also insured for law-enforcement liability and public officials liability risks through the State Law Enforcement Liability Self-Insurance Plan and the State Public Officials Self-Insurance Plan, respectively. These programs have a \$2 million per occurrence limit, and insure the County Sheriff's Department, other County enforcement agencies and all elected and appointed public officials and employees against certain types of claims. Claims that arose from incidents occurring prior to the existence of all the foregoing agreements are covered under the County's previous commercial insurance programs.

This excess coverage, in combination with the County's \$2 million primary coverages, brings all liability programs up to a limit of \$10 million per occurrence. In 1989, the County received a Certificate as a Qualified Self-Insurer from the Virginia State Industrial Commission. At that time, the County began to self-insure general government workers' compensation. At the same time, the County purchased excess and employers liability insurance from the Employers Reinsurance Corporation limiting individual claims against the self-insurance program to \$400,000. A reserve for pending claims and incurred but not reported claims of \$3,897,544 has been accrued as a liability within the self-insurance funds as an estimate based on information received from the County's outside actuary.

The County General Government's and Component Unit-Schools' workers' compensation claims administrator is Landin, Inc. Landin, Inc. is a third party administrator contracted to adjust workers' compensation claims, provide underwriting services, recommend reserve levels, including claims reported but not settled. Claims not closed out at January 1, 1990, remain with the Virginia Municipal Group Self-Insurance Association. All other property and casualty insurance either has been, or is expected to be renewed as it becomes due. The following table shows the amounts that have been accrued for workers' compensation as a liability within the self-insurance fund.

WORKERS' COMPENSATION

<u>Fiscal Year 2002</u>	<u>Primary Government</u>	<u>Component Unit – Schools</u>	<u>Total</u>
Unpaid Claims Beginning of Fiscal Year	\$2,943,949	\$ 928,259	\$3,872,208
Incurred Claims (Including IBNR)	438,613	1,019,959	1,458,572
Claim Payments	<u>(672,488)</u>	<u>(760,748)</u>	<u>(1,433,236)</u>

Fiscal Year 2001	<u>Primary Government</u>	<u>Component Unit – Schools</u>	<u>Total</u>
Unpaid Claims Beginning of Fiscal Year	\$4,019,694	\$1,444,100	\$5,463,794
Incurred Claims (Including IBNR)	(169,752)	(233,472)	(403,224)
Claim Payments	<u>(905,993)</u>	<u>(282,369)</u>	<u>(1,188,362)</u>
Unpaid Claims End of Fiscal Year	\$2,943,949	\$ 928,259	\$3,872,208

On October 1, 1994, the County General Government and Component Unit - Schools began to self-insure health care for all eligible employees and all retirees. Eligible employees are regular staff and long-term full-time temporary employees. Eligible retirees include all retirees who immediately begin drawing a retirement annuity from the Virginia Retirement System. Employer contribution rate for employees varies depending on scheduled hours. Employer contribution rate for retirees varies based on the type of retirement, years of service and type of coverage. The health insurance plan is a point of service plan. In-network services are covered with a \$10 co-pay for Primary Care Physician, \$15 for Specialists. Participants have an option to receive services out of network, subject to \$200 deductible and 10% co-insurance. Prescription drugs, dental and vision services are covered as part of the plan. The County has purchased specific and aggregate stop loss insurance from Mid Atlantic Medical Services, Inc., (MAMSI) limiting claims against the self-insurance program to \$80,000 per occurrence for individual claims and 125% of aggregate stop loss for aggregate claims. The following table shows the amounts that have been accrued as a liability within the self-insurance fund based upon an estimate from the County's outside actuary.

HEALTH INSURANCE

Fiscal Year 2002	<u>Primary Government</u>	<u>Component Unit - Schools</u>	<u>Total</u>
Unpaid Claims Beginning of Fiscal Year	\$ 922,000	\$ 1,950,000	\$ 2,872,000
Incurred Claims (Including IBNR)	10,634,163	19,039,361	29,673,524
Claim Payments	<u>(10,309,163)</u>	<u>(18,558,361)</u>	<u>(28,867,524)</u>
Unpaid Claims End of Fiscal Year	\$1,247,000	\$ 2,431,000	\$ 3,678,000

Fiscal Year 2001	<u>Primary Government</u>	<u>Component Unit - Schools</u>	<u>Total</u>
Unpaid Claims Beginning of Fiscal Year	\$ 856,000	\$ 2,072,000	\$ 2,928,000
Incurred Claims (Including IBNR)	7,684,242	14,761,300	22,445,542
Claim Payments	<u>(7,618,242)</u>	<u>(14,883,300)</u>	<u>(22,501,542)</u>
Unpaid Claims End of Fiscal Year	\$ 922,000	\$ 1,950,000	\$ 2,872,000

The County General Government's and Component Unit-Schools' health insurance administrator is MAMSI, a third party administrator. MAMSI is contracted to adjust health insurance claims, provide underwriting services, recommend reserve levels, including claims reported but not settled. Claims not closed out at September 30, 1994, remain with Trigon Blue Cross-Blue Shield of Virginia.

The Board of Supervisors has the authority to modify the provisions of the County's post-employment benefit program. As of June 30, 2002, retirees or individuals who qualify for disability met the eligibility requirements for program participation. During FY2002, expenditures of \$334,030 were recorded for post-retirement health care benefits. This amount represents 77.75% of total contributions under the program. These amounts are not accrued over the employees' time of service, but are rather expensed when incurred. There were no significant reductions in insurance coverage from prior years, nor have settlements exceeded insurance coverage for the past three years.

NOTE VII - OPERATING LEASES

The County General Government has various long-term non-cancelable operating lease agreements for property and equipment which expire through fiscal year 2007. Total costs for such leases were \$3,343,773 for fiscal year 2002. Property leases generally provide renewal options and increases based on the Consumer Price Index. The Component Unit-Schools has no operating lease agreements as of June 30, 2002. Non-cancelable operating leases include the following minimum annual rental payments as of June 30, 2002:

Fiscal Year	Primary Government
2003	\$3,434,151
2004	2,582,473
2005	2,190,085
2006	1,678,263
2007	127,235
Total	\$10,012,207

NOTE VIII - CAPITAL LEASES

Capital leases for property and equipment include the following minimum annual lease payments as of June 30, 2002.

Fiscal Year	Primary Government	Component Unit - Schools
2003	\$3,264,490	\$3,657,858
2004	2,911,590	3,450,955
2005	2,913,700	2,321,831
2006	2,911,020	1,108,404
2007-2011	14,569,660	-0-
2012-2016	12,147,560	-0-
2017-2020	8,061,210	-0-
Sub-Total	\$46,779,230	\$10,539,048
Less-amounts representing interest	19,024,230	738,387
Capital lease obligations	\$27,755,000	\$9,800,661

Capital leases payable as of June 30, 2002, are composed of the following individual items.

Primary Government					
Date Issued	Final Maturity	Amount of Issue	Interest Rate	Balance June 30, 2002	Type of Project Financed (the assets acquired secure the related capital lease)
09/15/90	Apr 2011	\$ 8,695,000	7.12%	\$3,190,000	Library Facility
12/08/94	Feb 2019	30,060,000	Variable	24,565,000	Government Complex
Total		\$38,755,000		\$27,755,000	
Component Unit – Schools					
Date Issued	Final Maturity	Amount of Issue	Interest Rate	Balance June 30, 2002	Type of Project Financed (the assets acquired secure the related capital lease)
12/15/98	Dec 2002	\$ 1,000,000	3.98%	\$ 207,644	School Equipment
08/31/99	Aug 2003	4,498,284	4.43%	1,911,017	School Equipment
07/27/00	July 2004	5,670,000	5.17%	3,402,000	School Equipment
08/02/01	Aug. 2005	5,350,000	3.54%	4,280,000	School Equipment
Total		\$16,518,284		\$9,800,661	

NOTE IX – LONG TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Primary Government and Schools for the year ended June 30, 2002:

Primary Government					
	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002	Amounts Due Within One Year
General obligation bonds and loans payable	\$373,561,205	\$70,000,000	\$27,254,560	\$416,306,645	\$32,196,360
Capital leases	29,384,549	-0	1,629,549	27,755,000	3,264,490
Compensated absences	6,661,469	2,601,884	-0-	9,263,353	9,263,353
Landfill closure and postclosure care costs	14,840,940	2,422,941	-0-	17,263,881	-0-
Total - Primary Government	\$424,448,163	\$ 75,024,825	\$28,884,109	\$470,588,879	\$44,724,203
Component Unit – Schools					
	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002	Amounts Due Within One Year
Capital leases	\$8,242,321	\$5,350,000	\$3,791,660	\$9,800,661	\$8,528,721
Compensated absences	6,740,692	1,788,029	-0-	8,528,721	3,657,858
Total – Component Unit – Schools	\$14,983,013	\$7,138,029	\$3,791,660	\$18,329,382	\$12,186,579

Long-term obligations of governmental activities are generally liquidated by the general fund.

Bonds and loans payable as of June 30, 2002, are as follows:

Registered Bonds:

\$1,000,000 School Construction Bonds, Series 1990A, due in annual installments of \$50,000 through 2003, interest at 9.2%. The proceeds of these bonds were used for school improvements.	\$100,000
\$36,660,000 Public Improvement Bonds, Series 1993, due in annual installments from \$640,000 to \$2,775,000 through 2013, interest from 2.80% to 5.50%. The proceeds of these bonds were used for sanitary landfill (\$11,285,000) park land (\$190,000) and refunding of outstanding bonds (\$25,185,000).	21,810,000
\$22,445,000 Public Improvement Bonds, Series 1994, due in annual installments from \$1,120,000 to \$1,125,000, through 2014, interest from 4.50% to 5.10%. The proceeds of these bonds were used for construction and equipping of new schools.	14,590,000
\$16,665,000 School Construction Bonds, Series 1994B, due in annual installments from \$710,000 to \$865,000 through 2013, interest from 6.10% to 6.30%. The proceeds of these bonds were used for new school construction as well as improvements in existing schools.	10,230,000
\$18,115,000 School Construction Bonds, Refunding Series 1994A due in annual installments of \$225,000 to \$1,195,000 through 2011, interest from 5.5% to 8.6%. The proceeds of these bonds were used to refinance four bond issues from 1987, 1989, 1990 and 1991. The County will pay this bond issue at the same maturity levels as the refunded issues. Through this refinancing arrangement, the County realized a \$182,998 gain which was transferred to the School Capital Projects Fund.	8,695,000
\$30,700,000 Public Improvement Bonds, Series 1996A, due in annual installments of \$1,535,000 through 2016, interest from 4.70% to 6.70%. The proceeds of these bonds were used to finance the acquisition, construction, renovation and equipping of public schools in the County.	16,885,000

\$10,000,000 School Construction Bonds, Series 1997A, due in annual installments of \$394,000 to \$1,045,000 through 2018, interest from 5.10% to 6.10%. The proceeds of these bonds were used for new school and technology construction.	8,000,000
\$44,325,000 Public Improvement Bonds, Series 1997A, due in annual installments of \$2,215,000 to \$2,220,000 through 2017, interest from 4.30% to 6.00%. The proceeds of these bonds were used to finance the acquisition, construction, renovation and equipping of public schools in the County and the development, construction and equipping of a Senior Services Center.	35,460,000
\$39,770,000 Public Improvement Bonds, Series 1998A, due in annual installments of \$1,460,000 to \$2,965,000 through 2019, interest from 4.00% to 5.00%. The proceeds of these bonds were used to finance the acquisition, construction, renovation and equipping of public schools in the County.	30,875,000
\$10,105,000 Public Improvement Bonds, Series 1998B, due in annual installments of \$30,000 to \$1,910,000 through 2016, interest from 4.00% to 5.25%. The proceeds of these bonds were used for the refunding of outstanding bonds originally issued in 1989, 1993 and 1996.	9,810,000
\$20,235,000 School Construction Bonds, Series 1999A, due in annual installments of \$1,010,000 to \$1,015,000 through 2020, interest from 4.10% to 5.23%. The proceeds of these bonds were used for new school and technology construction.	18,205,000
\$10,000,000 Public Improvement Bonds, Series 1999B, due in annual installments of \$100,000 to \$900,000 through 2020, interest from 3.60% to 5.40%. The proceeds of these bonds were used to finance the acquisition, construction and equipping of a public school in the County.	9,200,000
\$58,825,000 Public Improvement Bonds, Series 1999C, due in annual installments of \$1,540,000 to \$4,905,000 through 2020, interest from 4.50% to 5.75%. The proceeds of these bonds were used to finance the acquisition, construction and equipping of public schools in the County, the design, construction and equipping of a renovation and addition to the County's animal shelter and the renovation and expansion of the County's emergency communications systems.	49,015,000
\$3,020,000 School Construction Bonds, Series 2000A, due in annual installments of \$150,000 to \$155,000 through 2021, interest from 5.10% to 6.35%. The proceeds of these bonds were used to finance the design, construction and equipping of a gymnasium and addition to an existing elementary school in the County.	2,865,000
\$60,000,000 Public Improvement Bonds, Series 2000B, due in annual installments of \$2,650,000 to \$3,650,000 through 2021, interest from 4.48% to 5.38%. The proceeds of these bonds were used to finance the acquisition, construction and renovation and equipping of public schools in the County, the County's fire and rescue training center and replacement of the burn building, and enhancing the automated systems of the County libraries.	56,350,000
\$12,060,000 School Construction Bonds, Series 2001A, due in annual installments of \$600,000 to \$605,000 through 2021, interest from 4.10% to 5.60%. The proceeds of these bonds were used to finance the design, construction and equipping of an elementary school in the County.	12,060,000
\$45,000,000 Public Improvement Bonds, Series 2001B, due in annual installments of \$1,535,00 to \$3,575,00 through 2021, interest from 4.00% to 5.25%. The proceeds of these bonds were used to finance the acquisition, construction, renovation and equipping of public schools in the County and two of the County's libraries and to enhance the automated systems of the County's libraries.	41,425,000
\$70,000,000 Public Improvement Bonds, Series 2001C, due in annual installments of \$3,010,000 to \$4,410,000 through 2021, interest from 3.25% to 5.25%. The proceeds of these bonds was used to finance the acquisition, construction, renovation and equipping of public schools in the County, the County's fire and rescue training center and replacement of the burn building, two of the County's public safety centers and a County library.	<u>70,000,000</u>
Total General Obligation Bonds	\$415,575,000

Loans Payable:

\$909,000 for loan in 1998 from the Virginia Water Facilities Revolving Loan Fund due in semi-annual installments of \$52,769 through 2009, at interest of 2.0%. The proceeds of this loan were used to correct failing septic system problems of properties immediately adjacent to the Town of Hamilton.

731,645

Total General Obligation Bonds and Loan Payable

\$416,306,645

Annual requirements to amortize long-term debt and related interest for the Primary Government is as follows:

General Obligation Bonds and Loans – Primary Government Debt Service		
Year Ending June 30	Principal	Interest
2003	\$ 32,196,360	\$ 20,317,219
2004	32,173,196	18,798,896
2005	32,095,069	17,262,824
2006	32,086,980	15,665,573
2007	30,573,929	14,082,064
2008-2012	114,791,111	50,787,417
2013-2017	91,010,000	24,623,358
2018-2022	51,380,000	5,385,732
Total	\$416,306,645	\$166,923,083

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the County's financial statements. As of June 30, 2002 \$33,845,000 of bonds outstanding are considered defeased.

NOTE X - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

In FY 1994, the County adopted GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs (GASB No. 18). State and federal laws and regulations require the County to place a final cover on its Woods Road landfill site, as well as other sites opened in the future when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care cost will be paid only near or after the date that the landfill stops accepting waste, GASB No. 18 requires that the County record a portion of these closure and postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$17,263,881 and \$14,840,940 liability for landfill closure and postclosure care cost at June 30, 2002 and 2001, respectively, represent the estimated liability based on the usage of 88% and 94.4%, respectively, of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care in the amount of \$1,726,388 as the remaining estimated capacity is used. The liability accrued at June 30, 2002 is based on what it would cost to perform all closure and postclosure care in 2002. Actual cost may differ from this estimate due to inflation, changes in technology or changes in regulation. The landfill is currently operated by the Primary Government in the General Fund.

NOTE XI – CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the County. With respect to pending litigation, neither management nor the County Attorney can predict the outcome of certain of those matters at this time or the ultimate liability should the County not be successful in defending its position. In actions for monetary damages, other than taxation matters, the County may have coverage through self-insurance plans managed by the Commonwealth of Virginia. However, it is possible that in the near term, losses may be realized on claims in excess of amounts accrued on the balance sheet.

Due to the County's breadth of activities, there is a potential for environmental liability exposure to the County. The County has received notice from the Environmental Protection Agency regarding methane gas leakage from the County's landfill resulting in water contamination, and may be required to share in the cost of cleanup. Management believes, however, that the impact of potential environmental liabilities will not have a material affect on the financial position or results of operations of the County.

Additionally, the County has received a number of Federal and State grants. Although the County has been audited in accordance with the provisions of Office of Management and Budget Circular A-133, these grants remain subject to financial and compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

The amount of expenditures which may be disallowed as a result of audits at some future date cannot be determined at this time; however, County management believes such amounts, if any, will not have a material effect on the financial position or results of operations of the County.

NOTE XII - DEFERRED COMPENSATION PLAN

The Primary Government offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the "Plan"). The Plan is available to all employees and permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

In accordance with GASB Statement No. 32, Accounting and Financial Reporting for the Internal Revenue Code 457 Deferred Compensation Plan, the Plan's investments of approximately \$26,766,516 designated for compensation benefits are not reported on the Primary Government's balance sheet as such funds are held in a trust, over which the Primary Government has limited oversight.

NOTE XIII - RETIREMENT PLANS

(A) DEFINED BENEFIT PENSION PLAN

1. Plan Description

The Primary Government and Component Unit-Schools contribute to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters). Benefits vest after five years of service. Employees who retire with a reduced benefit at or after age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System at P.O. Box 2500, Richmond, VA 23218-2500.

2. Funding Policy

Employees are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed both by the County and the School Board for their respective employees. If an employee leaves covered employment, the accumulated contributions plus interest earned may be refunded to the employee. Each participating employer is required by State statute to contribute the remaining amounts necessary to fund the System using the actuarial basis specified by the Code of Virginia (1950), as amended, and approved by the VRS Board of Trustees. State statute may be amended only by the Commonwealth of Virginia Legislature. Contributions made by the Primary Government and the Component Unit – Schools for their employees represent 4.00% and 5.00%, respectively, of covered payroll for the fiscal year, while employee contributions represent 5% of current covered payrolls. Total contributions made by the Schools to the VRS Statewide teacher pool for professional employees of the Schools, on behalf of the Schools and employees for the three fiscal years 2000, 2001 and 2002 were \$16,147,631, \$17,433,081 and \$15,039,944 respectively, and represented 13.56%, 14.04%, 12.54% and 8.66% of the covered payroll, respectively.

3. Annual Pension Cost

For 2002, the Primary Government's and Component Unit-Schools' annual pension cost of \$7,998,183 and \$1,975,031, respectively, was equal to the Primary Government's and Component Unit-Schools' required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The amortization method used is a level percent, open method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4.25% to 6.10% per year, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of the Primary Government's and Component Unit-Schools' assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

Trend Information for Primary Government

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2002	\$7,998,183	100%	\$0
June 30, 2001	\$6,842,214	100%	\$0
June 30, 2000	\$5,742,564	100%	\$0

Trend Information for Component Unit-Schools

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2002	\$1,975,031	100%	\$0
June 30, 2001	\$1,736,786	100%	\$0
June 30, 2000	\$1,458,767	100%	\$0

(B) VOLUNTEER FIRE AND RESCUE RETIREMENT SYSTEM

1. Plan Description

The Primary Government is the administrator of a noncontributory, single employer, defined benefit Length of Service Retirement Plan (the Plan). The Plan covers voluntary fire and rescue service members, who are not Primary Government employees, but who serve voluntarily with one of the Primary Government's volunteer fire and rescue companies. The Plan provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of credited service. Members who retire at or after age 55 with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to \$10 per month for each year of credited service earned after January 1, 1976, \$10 per month for each two years of credited service earned prior to January 1, 1976, with a maximum benefit of \$250 per month. The Loudoun County Board of Supervisors maintains the authority to establish and amend the benefit provisions of the Plan. The Plan does not issue a stand alone financial report. All required statements and disclosures are contained in these financial statements.

2. Funding Status and Progress

The Loudoun County Board of Supervisors maintains the authority to establish and amend the funding policy of the Plan. The Plan's funding policy provides for the periodic Primary Government contributions at actuarially determined rates to accumulate sufficient assets to pay benefits when due.

Plan members are not required to and do not contribute to the Plan. Plan contributions are held in an unallocated insurance contract with Hartford Insurance Company.

3. Annual Pension Cost

The Primary Governments' contributions to the Plan were equal to the annual required contribution and annual pension cost for each year. The annual and required contribution was determined through a June 30, 2002 actuarial valuation using the entry age normal cost method. The amortization method used is a thirty year, level dollar, closed method. The actuarial assumptions included (a) 5.5% investment rate of return and (b) pre-retirement ancillary benefits of 7.5%. Both (a) and (b) include an inflation component of 2.5% to 3%. The actuarial value of the assets is equal to the market value of the assets.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2002	\$783,590	100%	\$0
June 30, 2001	\$652,896	100%	\$0
June 30, 2000	\$799,815	100%	\$0

NOTE XIV - DEFERRED REVENUE

Deferred revenue, representing uncollected tax billings of \$4,489,710, special assessment tax billings of \$126,887, business license tax billings of \$7,256,419 and grants of \$4,537,957, not available for funding of current expenditures, totaled \$16,410,973 for both Primary Government and Schools as of June 30, 2002. Certain uncollected business license tax billings are being disputed and may not be collected.

Property taxes deferred as a result of land use assessments and tax relief for the elderly and handicapped are not reflected in the financial statements since collection is contingent upon occurrence of certain events prescribed by statute. These contingent amounts represent approximately \$66.6 million at June 30, 2002.

NOTE XV - EXCESS EXPENDITURES OVER APPROPRIATIONS

The Route 28 Special Improvement Fund expenditures for fiscal year 2002 were \$5,156,873 which exceeded its legal budget of \$4,480,544 by \$676,324. All revenues collected in this fund are paid to the Virginia Department of Transportation; therefore, both revenues and expenditures exceeded the budget by like amounts.

The Community Development Authority Fund expenditures for fiscal year 2002 were \$1,006,319 which exceeded its legal budget of \$0 by \$1,006,319. All revenues in this fund are paid to the Community Development Authority; therefore, both revenues and expenditures exceeded the budget by like amounts.

NOTE XVI - NONCURRENT NOTES AND LOANS RECEIVABLE - PRIMARY GOVERNMENT

Noncurrent notes and loans receivable consisted of the following at June 30, 2002.

Non-interest bearing loan to the Loudoun County Sanitation Authority, to be repaid from sewage connection fees, if any.	\$ 600,000
Loan to Town of Leesburg, interest at 6%, to be repaid from all facility charges, with any unpaid amounts forgiven January 2007.	141,404
Non-interest bearing loan to Town of Leesburg, to be repaid from all facility charges, if any.	50,281
Loan to Town of Hamilton, to be repaid from sewer connection fees, if any.	36,977
Non-interest bearing loan to the Town of Round Hill, to be repaid from sewage connection fees, if any.	18,750
Loan to Ashburn Volunteer Fire Department, interest from .65% to 3.75%, due in annual installments of \$31,500 plus accrued interest, matures in 2014. This loan is secured by the property acquired with the loan proceeds.	388,500
Loan to Round Hill Volunteer Fire Department, interest from .75% to 3.40%, due in annual installments of \$25,000 plus accrued interest, matures in 2014. This loan is secured by the property acquired with the loan proceeds.	300,000
Loan to Sterling Volunteer Rescue Squad, interest at 4.30%, due in annual installments of \$16,000 plus accrued interest, matures in 2003.	53,333
Loan to Philomont Volunteer Fire Department, interest from 1.00% to 3.45%, due in annual installments of \$7,500 plus accrued interest, matures in 2014. This loan is secured by the property acquired with the loan proceeds.	90,000
Loan to Philomont Volunteer Fire Department, interest from 2.60% to 4.95%, due in annual installments of \$3,000 plus accrued interest. This loan is secured by the property acquired with the loan proceeds.	39,000
Loan to Leesburg Volunteer Fire Department, interest at 3.75% per annum, until July 1, 1998, at which time all accrued interest shall be added to the principal indebtedness. The principal balance, as of July 1, 1998, shall bear interest at a rate of 5% per annum, is due in annual installments of principal and interest, matures in 2018. This loan is secured by property acquired with the loan proceeds.	1,169,525
Loan to various individuals/families under the Affordable Housing Project. This loan is intended to assist qualified individuals/families pay for the closing cost associated in buying a home. Interest at 3.0%.	<u>1,292,819</u>

Total noncurrent notes and loans receivable – Primary Government	<u>\$4,240,589</u>
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There were no other changes in contributed capital for fiscal year 2002.

NOTE XVII - SUBSEQUENT EVENT

On July 16, 2002, the County issued \$90,625,000 in general obligation public improvement and refunding bonds. Of this amount, \$74,000,000 is being used on school capital projects and the construction of a public safety center. The remaining \$16,625,000 is used to refund certain maturities of the County's Series 1993A, 1996A and 1999C general obligation bonds. The \$90,625,000 Series 2002A bonds range in interest rates from 2.00% to 5.25% and are payable through 2022.

NOTE XVIII - LOUDOUN COUNTY SANITATION AUTHORITY - COMPONENT UNIT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Loudoun County Sanitation Authority, hereinafter referred to as the "Authority," was created on May 27, 1959 as a public body politic and corporate under the provisions of the Virginia Water and Waste Authorities Act (Chapter 28, Title 15.1, Section 1239 et. seq., Code of Virginia, 1950, as amended), for the purpose of acquiring, constructing, operating and maintaining for Loudoun County (a) an integrated water supply and distribution system, and (b) an integrated sewerage and sewage disposal system, and for the purpose of exercising the powers conferred by said Water and Sewer Authorities Act.

The accounting policies of the Authority conform to generally accepted accounting principles (GAAP) as applicable to Authorities. The following is a summary of the more significant policies:

A. REPORTING ENTITY

The Authority is reported as a component unit of the County in the County's financial statements.

B. BASIS OF PRESENTATION

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to enterprise funds of governmental units. The Authority accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income.

The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

C. BASIS OF ACCOUNTING AND USE OF ESTIMATES

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses of the Authority are accounted for within one fund, an enterprise fund. The Authority uses the accrual basis of accounting for its enterprise fund, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

In accordance with GASB No. 20, the Authority has elected to apply all applicable GASB pronouncements as well as FASB statements and interpretations, APB opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. BUDGET AND BUDGETARY ACCOUNTING

The following procedures are used by the Authority in establishing the budget as reflected in the financial statements:

- (1) Prior to December 1, the General Manager submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing the following January 1. The operating and capital budget includes proposed revenues and expenses.
- (2) Prior to December 31, the budget is legally enacted through the passage of a resolution.
- (3) The resolution places legal restrictions on the Authority as a whole, but only managerial restrictions on spending activity at the department level. Overall spending levels may only be revised by the Board of Directors.
- (4) Formal budgetary integration is employed at the detailed (line item) level as a management control device.
- (5) The budget is adopted on a basis consistent with generally accepted accounting principles. The budget as presented in the MD&A is the adopted budget with minor amendments made in 2001 which did not change the adopted budget in total.
- (6) All budget data presented in the accompanying financial statements is the revised budget as of December 31.
- (7) All annual appropriations lapse at fiscal year end.

E. CASH AND INVESTMENTS

Cash and temporary investments include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Cash and temporary investments held by the Trustee include amounts held in money market funds as well as short-term investments with an original maturity of three months or less.

Investments include United States government and agency obligations and obligations of the Commonwealth of Virginia and its subdivisions. Those investments with maturities of three months to a year are considered current and are stated at fair value. Investments with maturities greater than one year are considered long-term and are stated at fair value. Investments held by the Trustee are stated at fair value and include all United States obligations with a maturity in excess of three months. Interest on investments is recorded in the year earned.

F. ACCOUNTS RECEIVABLE

Water and Wastewater Receivables

All continuing service receivables are recognized when earned with no allowance for uncollectibles as delinquent accounts attach as an enforceable lien on property if not collected within a certain period of time once notification has been given to the owner.

An estimated amount has been recorded for services rendered but not yet billed as of the close of the respective years represented. At December 31, 2001 and 2000, the Authority recorded \$3,209,794 and \$2,717,437 respectively, as unbilled water and wastewater service receivables.

Availability Receivable:

In connection with the construction of a wastewater system for the Broad Run Farms community, the Authority will collect availability fees from the various sources including property owners, developers and the County of Loudoun (see Note 6C). Availability fees receivable have been recorded for the amounts to be collected from these sources.

In connection with the construction of water and wastewater systems for the Elk Lick community, the Authority collected a portion of availability fees from property owners and the County of Loudoun. Availability fees receivables have been recorded for amounts outstanding from property owners.

G. INVENTORY

Inventory is valued at cost using the first-in, first-out (FIFO) method.

H. RESTRICTED ASSETS

Restricted assets represent resources of the Authority designated for specific purposes and include developers' advances, customer deposits, retainages payable held in escrow accounts, maintenance bonds and performance bonds. Restricted assets also include bond proceeds and funds set aside for repayment since their use is limited by applicable bond covenants.

I. PROPERTY, PLANT AND EQUIPMENT

The Authority capitalizes all property, plant and equipment with a purchase price greater than \$500.

Property, plant and equipment is stated at historical cost. Donated assets are recorded at fair market value at the time received. Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

Depreciation of all exhaustible property, plant and equipment is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Water and Wastewater Systems	40-50 years
Buildings and Improvements	20-40 years
Machinery and Equipment	4-10 years
Vehicles	4- 5 years

Interest is capitalized on qualifying construction in process. For assets acquired with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the estimated useful life of the asset.

J. CONSTRUCTION IN PROCESS

Construction in process includes design and construction costs that accumulate until completion of the respective project, at which time the total cost is transferred to property, plant and equipment. When applicable, interest and other carrying costs are capitalized to construction in process. The Authority capitalized \$301,120 of net interest expense in 2001 and \$375,769 in 2000.

K. COMPENSATED ABSENCES

Authority employees are granted annual leave in varying amounts based on years of service, and sick leave at a rate of 7 ½ hours per month. In the event of termination, an employee is reimbursed for accumulated annual leave in full, and for sick leave in varying amounts based on years of service. Vested annual leave and sick leave balances are reflected in the accompanying financial statements as a current liability.

L. DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Authority records permit fees and meter charges as revenue when the meters are installed on the customer's property, instead of upon receipt of the fees and charges. Additionally, the Authority has deferred prepaid availability fees from developers and fees relating to the Broad Run Farms Community (see Note 6C), the Landfill Water Service Area (see Note 11A) and the Ellick community which will be recognized as non-operating revenue and contributed capital when connections to the system occur.

M. BOND DISCOUNTS AND ISSUANCE COSTS

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using a method which approximates the effective interest method. Bond discounts of \$4,696,881 and \$4,886,329 for 2001 and 2000, respectively are presented as a reduction of the face amount of bonds payable, whereas issuance costs are capitalized and amortized over the life of the bonds.

N. NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2001, the Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement 34). Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components –invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues, and unamortized debt expense reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there is significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In June 2001, the GASB issued two standards to be implemented simultaneously with Statement 34. GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* (Statement 37) clarifies certain provisions of Statement 34 for more consistent application and modifies other provisions to meet changing requirements. GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (Statement 38) modified, adds and deletes various note disclosure requirements. Both Statement 37 and Statement 38 were adopted along with implementation of Statement 34.

The adoption of Statement 34, Statement 37 and Statement 38 have no significant affect on the financial statements except for the reformatting of the basic financial statements, including the implementation of the direct method for the statements of cash flows, and the classification of net assets in accordance with the Statements. The financial statements for the year ended December 31,2000 were reclassified to conform to the adoption of these Statements.

2. CASH AND INVESTMENTS

A. DEPOSITS

The carrying value of the Authority's deposits with banks at December 31, 2001 and 2000, respectively, was (\$378,524) and (\$47,535). The bank balance was \$121,762 at December 31, 2001 and \$228,239 at December 31, 2000, which was insured by the FDIC or protected under the provisions of the Virginia Security for Public Deposits Act (the Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and report requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

B. INVESTMENTS

The Code of Virginia authorizes the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia and its subdivisions, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name.

Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's agent or trust department in the Authority's name.

Category 3 includes uninsured and unregistered investments held by a counterparty's agent or its trust department or agent but not the in Authority's name.

At year end, the Authority's deposits and investments were as follows:

	CATEGORY			Fair Value	2000
	1	2	3		
U.S. Government Securities	\$277,906,570	\$ -0-	\$ -0-	\$277,906,570	\$209,332,001
Commercial Paper	15,514,863			15,514,863	-0-
Repurchase Agreements	-0-	-0-	5,585,748	5,585,748	11,791,779
TOTAL INVESTMENTS	\$293,421,433	\$ -0-	\$5,585,748	\$299,007,181	\$221,123,780
Total Deposits				(389,110)	10,393,323
Cash On Hand				1,300	3,914
2000 Construction Account				-0-	22,553,137
Mutual Funds				260,071	-0-
Escrow Accounts				24,854	68,390
TOTAL DEPOSITS AND INVESTMENTS				\$298,904,296	\$254,142,544

For purposes of reporting cash flows, the Authority considers all repurchase agreements, certificates of deposit, U.S. Government and Commonwealth of Virginia obligations with an original maturity of three months or less and money market funds to be cash equivalents.

The following table summarizes total cash and cash equivalents held at December 31, 2001 and 2000:

	2001	2000
Cash and Temporary Investments	\$ 3,155,638	\$9,615,799
Restricted Cash and Temporary Investments	2,077,740	2,200,748
Restricted Cash and Temporary Investments held by Trustee	249,485	32,993,996
Cash and Cash Equivalents	\$5,482,863	\$44,810,543

3. RESTRICTED ASSETS HELD BY TRUSTEE

Restricted assets held by the Trustee represent the portion of resources held by the Trustee on behalf of the Authority in accordance with the applicable bond covenants. These assets include cash, investments (at fair value) and accrued under the indenture of trust has the following restricted assets held by the Trustee at December 31, 2001 and 2000:

	2001	2000
Bond Account – 1992 Bond Issue	\$1,777,156	\$1,829,057
Bond Account – 1994 Bond Issue	721,027	723,524
Bond Account – 1996 Bond Issue	833,119	835,285
Bond Account – 1996A Bond Issue	632,465	625,196
Bond Account – 1998 Bond Issue	1,079,067	936,247
Bond Account – 1999 Bond Issue	132,551	135,391
Bond Account – 2000 Bond Issue	675,735	234,190
Debt Service Reserve Account – 1992 Bond Issue	2,257,484	2,149,782
Debt Service Reserve Account – 1994 Bond Issue	1,217,065	1,226,893
Debt Service Reserve Account – 1996 Bond Issue	1,397,868	1,414,592
Debt Service Reserve Account – 1998 Bond Issue	2,256,094	2,369,378
Debt Service Reserve Account – 2000 Bond Issue	3,442,875	3,238,468
2000 Construction Account	11,472,375	22,553,137
2000 Cost of Issuance Account	-0-	156,425
Total Restricted Assets held by Trustee	\$27,894,881	\$38,427,565

4. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment are as follows:

	Balance January 1, 2001	Additions	Deletions/Transfers	Balance December 31, 2001
Water facilities	\$ 97,014,969	\$9,144,659	\$-0-	\$106,159,628
Wastewater facilities	121,965,082	13,393,748	(46,678)	135,312,152
Buildings and improvements	5,365,350	-0-	(92,589)	5,272,761

Machinery and equipment	5,001,115	744,378	(12,298)	5,733,195
Land	33,320,712	-0-	-0-	33,320,712
Construction in process	8,267,737	5,080,814	(1,990,860)	11,357,641
Total property, plant and equipment	270,934,965	28,363,599	(2,142,425)	297,156,139
Less: Accumulated Depreciation	50,366,777	6,053,380	(111,860)	56,308,297
Net Property, Plant and Equipment	\$220,568,188	\$22,310,219	(\$2,030,565)	\$240,847,842

5. OVERSIZING REIMBURSEMENTS

Oversizing reimbursements represent the current payable to developers who constructed oversized facilities and entered into an agreement with the Authority to be reimbursed as availability fees to that particular portion of the system are received. The Authority provides reimbursements annually for oversized facilities. Amounts payable for oversizing reimbursements are recorded only when availability and/or local facility fees are received. The amounts of unrecorded, but potential reimbursements if all requirements are met, were \$7,532,672 and \$5,509,241 for 2001 and 2000 respectively.

6. OTHER LIABILITIES

Revenue Bonds Payable

On December 4, 2000, the authority advance refunded \$22,060,000 of outstanding Water and Sewer system Revenue Bonds, Series 1992. Cash in the amount of \$23,155,980 was deposited into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bonds. The refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,014,593. This difference has been recognized currently in Net Income as an extraordinary loss. The Authority completed the advance refunding to reduce its total debt service payments over the next 15 years by \$2.2 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,578,000.

On November 8, 2000, the Authority issued \$22,770,000 in Water and Sewer System Revenue Bonds, Series 2000, to finance various capital improvements. The issue bears interest from 4.3% to 5.75% and requires combined monthly payments ranging from \$101,402 to \$267,742. Proceeds in the amount of \$22,470,932 were deposited into the 2000 Construction Account held by the Trustee. The remaining proceeds were used to pay the cost of issuance of the 2000 bonds.

On April 14, 1999, the Authority issued \$4,870,000 in Water and Sewer System Revenue Bonds, Refunding Series 1999, to advance refund \$4,465,000 of outstanding Water and Sewer System Revenue Bonds, Series 1992. The 1999 Series bears interest at 4.75% and requires combined monthly payments ranging from \$19,695 to \$301,593. Proceeds in the amount of \$4,840,100 were deposited into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bonds. The remaining proceeds were used to pay the cost of refunding the 1992 bonds and the cost issuing the 1999 Refunding Bonds. The refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$565,198. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized to operations through the year 2015. The Authority completed the advance refunding to reduce its total debt service payments over the next 16 years by \$520,582 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$323,427.

On November 4, 1998, the Authority issued \$44,620,000 in Water and Sewer System Revenue Bonds, Series 1998, , to acquire additional wastewater treatment capacity and transmission entitlements from the District of Columbia and District of Columbia Water and Sewerage Authority (DCWASA) as well as pay capital arrearages on the present capacity allocation in the Potomac Interceptor System. The issue bears interest at 4.75% and requires combined monthly payments ranging from \$176,621 to \$370,354. The Authority used \$39,985,213 of the proceeds to pay DCWASA. The remaining proceeds were used to make a deposit to the Debt Service Reserve and pay the cost of issuance of the 1998 bonds.

On August 30, 1996, the Authority issued \$20,745,000 in Water and Sewer System Revenue Bonds, Series 1996, to purchase an additional 5 MGD of water treatment capacity from Fairfax County Water Authority (FCWA). The issue bears interest from 4.65% to 5.45% and requires combined monthly payments ranging from \$110,350 to \$110,763. The Authority used \$18,147,575 of the proceeds to pay FCWA for the additional capacity. The remaining proceeds were used to make a deposit to the Debt Service Reserve Fund and pay the cost of issuance of the 1996 bonds.

On December 17, 1996, the Authority issued \$22,215,000 in Water and Sewer System Revenue Bonds, Refunding Series 1996, to advance refund \$19,945,000 of outstanding Water and Sewer System Revenue Bonds, Series 1992. The 1996 Refunding issue bears interest from 4.65% to 5.3% and requires combined monthly payments ranging from \$98,884 to \$177,016. Proceeds in the amount of \$20,542,218 were deposited into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bonds. The remaining proceeds were used to pay the cost of issuance of the 1996 Refunding Bonds. The refunded bonds are considered to be defeased and the liability has been removed from the balance sheet.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,056,100. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized to operations through the year 2029. The Authority completed the advance refunding to reduce its total debt service payments over the next 33 years by \$1.9 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$817,627.

On March 8, 1994, the Authority issued \$18,310,000 in Water and Sewer System Revenue Bonds, Series 1994A, which bear interest at 4.9% to 5.5% and require combined monthly payments ranging from \$95,607 to \$96,040. The Authority used \$15,472,187 of the proceeds to prepay a contractual obligation to the FCWA for the purchase of an additional 5 million gallons per day (MGD) of water capacity.

On April 1, 1994, the contractual obligation to FCWA was paid in full. The remaining proceeds were used to make a deposit to the Debt Service Reserve Fund and pay the costs of issuance of the 1994A Bonds.

On June 30, 1992, the Authority issued \$64,620,000 in Water and Sewer System Revenue Bonds, Refunding Series 1992, to advance refund \$35,450,000 of outstanding Water and Sewer System Revenue Bonds, Series 1989, and to prepay a \$27,384,488 contractual obligation of the Authority to FCWA for the purchase of water supply, treatment and transmission entitlements. The issue bears interest at 5.9% to 6.2% and requires combined monthly payments ranging from \$165,842 to \$166,380. The net proceeds of the issue were used to purchase U.S. government securities that were placed in two irrevocable trusts for the purpose of generating resources for all future debt service payments of the refunded bonds and to prepay the contractual obligation with FCWA. On July 1, 1992, the contractual obligation with FCWA was paid in full. The refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. At December 31, 2001, \$27,950,000 and \$46,470,000 respectively, of 1989 and 1992 bonds outstanding are considered defeased.

(1) Debt Service Requirements

The combined revenue bond debt service requirements to maturity for all issues are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2002	\$2,230,000	\$6,949,231	\$9,179,231
2003	2,355,000	6,822,220	9,177,220
2004	2,485,000	6,685,833	9,170,833
2005	2,625,000	6,539,737	9,164,737
2006	2,775,000	6,383,496	9,158,496
2007-2011	16,150,0000	29,660,298	45,810,298
2012-2016	20,865,000	25,013,025	45,878,025
2017-2021	25,290,000	19,245,831	44,535,831
2022-2026	32,225,000	12,131,909	44,356,909
2027-2031	32,050,000	3,285,119	35,335,119
Total	\$139,050,000	\$122,716,699	\$261,766,699

(2) Pledged Funds

The payment of principal and interest on all revenue bonds is secured by a security interest in and pledge of the "Net Revenues" derived from the ownership and operation of the system and all amounts held in the Project Account, the Bond Account and the Debt Service Reserve Account. "Net Revenues" of the system is defined as all revenues, receipts and other income derived by the Authority from the ownership or operation of the system, including availability fees and any investment earnings, after deducting operating expenses.

(3) Accounts Established In Accordance with Bond Covenants

The bond covenants set forth the establishment of accounts and the application of revenues to ensure proper operation and maintenance of the system and payment of debt service. The accounts established in accordance with the bond covenants are the same as those pledged to the payment of principal and interest on the bonds as described in (2) above.

(4) Revenue Covenants

The Authority is required to establish, fix, charge and collect rates, fees and other charges, for the use of, and for the services furnished by the system, and to revise the same from time to time, when necessary, as will always provide in each fiscal year:

- a. Net Revenues are not less than the sum of (i) 1.2 times Senior Debt Service for the fiscal year, (ii) Subordinate Debt Service for the fiscal year, and (iii) any amounts required to be deposited in the Repair and Replacement Account during the fiscal year, and
- b. Either (i) Net Revenues less 50% of Availability Fees are not less than Senior Debt Service for the fiscal year, or (ii) Net Revenues less 50% of Availability Fees plus 50% of Authority Reserves are not less than 1.5 times Senior Debt Service for the fiscal year.

"Replacement Reserve Requirement" means an amount to be determined by the Authority pursuant to the Master Indenture, but not less than \$500,000. In the event the Replacement Reserve Requirement is increased or funds on deposit in the Repair and Replacement Fund are less than the Replacement Reserve Requirement, the Master Indenture requires the Authority to increase the balance in the Repair and Replacement Account to the Replacement Reserve Requirement in approximately equal installments over a period not longer than sixty months.

5. Arbitrage

The Authority is required to adhere to the rebate and reporting requirements of the federal tax code pertaining to arbitrage. The Authority has contracted with an outside consultant to perform an annual arbitrage rebate calculation on all outstanding revenue bond issues. At December 31, 2001 and 2000, the Authority had no arbitrage rebate payable to the federal government.

B. Fairfax County Water Authority Agreement

On June 30, 1989, the Authority entered into a Water Service Agreement #2 with the FCWA to pay for the reservation of 10 MGD of water capacity which became available in February of 1993, when construction of the project was completed. On June 30, 1992, the Authority used a portion of the proceeds of the 1992 Water and Sewer Revenue Bonds to prepay this capital obligation (See Note 6A). The prepayment was based on the estimated capital costs of constructing the water supply treatment and transmission facilities. In February, 1993, the Authority began amortizing the Purchased Capacity Rights over its useful life of 40 years.

In addition, the Water Service Agreement requires the Authority to make 480 equal monthly payments of \$2,760 with respect to additional future storage capacity.

On December 31, 1993, the Authority entered into a Second Amendment Agreement to Water Service Agreement #2 with FCWA for the purchase of an additional 5 MGD of water capacity with the option to acquire further capacity of 5 MGD prior to January 1, 2000, as well as future storage capacity at the Randolph Reservoir. The Agreement obligates the Authority to make 420 equal monthly payments of \$95,565 and \$1,695 for the additional 5 MGD of capacity and future storage capacity, respectively, commencing January 1, 1994. On April 1, 1994, the Authority used the proceeds of the Series 1994A Revenue Bonds to prepay the portion of this obligation pertaining to the additional 5 MGD of water capacity (see Note 6A). The Authority continues to make equal monthly payments of \$1,695 for the future storage capacity at the Randolph Reservoir.

On July 1, 1996, the Authority exercised its option to purchase additional storage capacity at the Randolph Reservoir for which it now makes equal monthly payments of \$1,911. In addition, the Authority used the proceeds of the Series 1996 Revenue Bonds to purchase the additional 5 MGD of water treatment capacity from FCWA.

These Agreements shall continue as long as FCWA's system remains in existence and operation.

The remaining payment obligations for the agreements with FCWA are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2002	\$29,908	\$46,479	\$76,387
2003	30,921	45,466	76,387
2004	31,968	44,419	76,387
2005	33,052	43,335	76,387
2006	34,170	42,217	76,387
2007-2011	189,022	192,913	381,935
2012-2016	223,287	158,648	381,935
2017-2021	263,777	118,158	381,935
2022-2026	311,621	70,314	381,935
2027-2031	224,556	17,580	242,136
Total	\$1,372,282	\$779,529	\$2,151,811

C. Bonds Payable/Virginia Revolving Loan Fund

(1) Broad Run Farms

On October 18, 1994, the Authority entered into an agreement with the County of Loudoun to apply for a loan through the Virginia Revolving Loan Fund (VRLF) to finance the design and construction of a wastewater collection system for the Broad Run Farms community. In return, the County agreed to pay real property tax revenues collected from a tax increment financing district (TIFD) and a service district to the Authority sufficient to amortize the loan and such other costs of the system as mutually agreed. On January 27, 1995, the Authority issued \$2,723,811 in Water and Sewer System Revenue Bonds, Series 1995A through the VRLF for a term of 20 years at an interest rate of 3%. In total, the Authority requisitioned \$2,120,065 of loan proceeds from the VRLF with the final disbursement being made in September 1996.

On December 2, 1994, the Authority and the County of Loudoun established payment terms and conditions relative to such Service Agreement. The County agreed to reimburse the Authority for any payments made by the Authority for Project Costs eligible for reimbursement from the VRLF loan. Upon completion and acceptance of the System, the Authority agreed to submit all requisitions for Eligible Project Costs to the VRLF for reimbursement from Loan Proceeds and promptly reimburse the County for all funds forwarded for Eligible Project Costs.

The Authority also agreed to provide an accounting of Project Costs incurred that are not eligible for reimbursement from loan proceeds to the County upon completion and acceptance of the system. The County agreed to reimburse the Authority for ineligible project costs on an annual basis at such time the Service District and TIFD generate a reserve balance in excess of annual debt service requirements.

Availability Fees Receivable (current and long-term) at December 31, 2001 and 2000 include the portion of availability fees due from the County and the remainder due from the Broad Run Farms property owners.

The remaining debt service requirements for the loan obtained through the VRLF for Broad Run Farms are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2002	\$97,520	\$47,168	\$144,688
2003	100,468	44,220	144,688
2004	103,504	41,184	144,688
2005	106,633	38,055	144,688

2006	109,856	34,832	144,688
2007-2011	601,137	122,302	723,439
2012-2015	477,338	29,068	506,406
Total	\$1,596,456	\$356,829	\$1,953,285

(2)

Village of Aldie

On September 20, 1995, the Authority entered into an agreement with the County of Loudoun to apply for a loan through the VRLF to finance the design and construction of a wastewater system for the Village of Aldie. The loan will fund approximately 43% of the project with the remaining funds being provided by the County. In exchange for the Authority becoming applicant and borrower for the loan, the County agreed to levy and collect real property taxes from the Aldie Sewer Service District in amounts sufficient to cover the Authority's loan payments. On September 25, 1996, the Authority issued \$537,000 in Water and Sewer System Revenue Bonds, Subordinate Series 1996A through the VRLF at zero percent interest for a term of 20 years. The final disbursement of loan proceeds in the amount of \$48,578 was made in May, 1998.

The remaining debt service requirements for the loan obtained through the VRLF for the Village of Aldie are as follows:

Fiscal Year Ending December 31	Principal
2002	\$27,476
2003	27,476
2004	27,476
2005	27,476
2006	27,476
2007-2011	137,380
2012-2016	123,648
Total	\$398,408

D.

Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2001 was as follows:

	Balance - January 1, 2001	Additions	Reductions	Balance - December 31, 2001	Amounts Due Within One Year
Bonds Payable:					
Revenue Bonds	\$141,060,000	\$ -0-	\$(2,010,000)	\$139,050,000	\$2,230,000
Virginia Revolving Loan Fund	2,116,999	-0-	(122,135)	1,994,864	124,996
Less Deferred Amounts:					
For Issuance Discounts	4,886,329	-0-	(189,448)	4,696,881	-0-
On Refundings	1,758,911	-0-	(77,746)	1,681,165	-0-
Total Bonds Payable	136,531,759	-0-	(1,864,941)	134,666,818	2,354,996
Other Liabilities:					
FCWA Agreement	1,401,216	-0-	(28,934)	1,372,282	29,908
Total Long-term Liabilities	\$137,932,975	\$ -0-	\$(1,893,875)	\$136,039,100	\$2,384,904

E. **Deferred Compensation Benefits**

The Authority offers a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or on unforeseeable emergency.

As required by federal regulations, plan assets are held in trust for the exclusive benefit of participants and beneficiaries. The Authority has no fiduciary relationship with the trust. In accordance with the provisions of State of Governmental Accounting Standards No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the plan assets are not reported in the Authority's financial statements.

7. **RETIREMENT PLAN**

A. **Virginia Retirement System**

(1) **Plan Description**

The Authority contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. The Authority's payroll for employees covered by the VRS for the fiscal years ended December 31, 2001 and 2000 was \$4,986,360 and \$4,519,855, respectively. The total payroll for the Authority for the years ended December 31, 2001 and 2000 was \$5,315,248 and \$4,586,087, respectively.

All full time, salaried, permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service and at age 50 with 30 years of service for participating employees. Employees who retire with a reduced benefit at age 55 with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the state legislature.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P O Box 2500, Richmond, Va. 23218-2500.

(2) **Funding Policy and Annual Pension Cost**

Employees are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the Authority for its employees. If an employee leaves covered employment, the accumulated contributions plus interest earned may be refunded to the employee.

The Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Authority's contribution rate for the year ended December 31, 2001, was 10.4% of annual covered payroll. The required contributions for the Authority were determined as part of an actuarial valuation performed as of June 30, 2001, using the entry age normal actuarial cost method.

The actuarial assumptions include (a) a rate of return on investments of 8%, (b) projected salary increases of 4.25% to 6.10% per year depending on the member's service and classification, and (c) cost-of-living adjustments of 3.0% per year. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Authority's assets is equal to the modified market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2001 was fourteen years.

(3) **Trend Information**

The table below summarizes the required three year trend information for the Authority:

Fiscal Year	Annual Pension Cost (APC)	Percentages of APC Contributed	Net Pension Obligation
2001	\$519,375	100%	\$-0-
2000	\$498,691	100%	\$-0-
1999	\$456,788	100%	\$-0-

8. INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

Investment in net assets, net of related debt includes all capital assets as well as purchased capacity rights. These values have been recorded net of depreciation and outstanding principal related to the asset. Changes in amounts invested in capital assets, net of related debt, are as follows:

	2001	2000
Balance, January 1	\$205,984,833	\$169,001,914
Change in Capital Assets	19,044,518	13,595,657
Change in Related Debt	1,893,875	580,626
Change in Debt Related to Unspent Proceeds	(11,556,392)	22,806,636
	\$215,366,834	\$205,984,833

9. RESTRICTED NET ASSETS

Restricted Net Assets reflects that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net assets at December 31, 2001 and 2000:

	2001	2000
1992 Revenue Bond Issue	\$4,034,640	\$3,978,839
1994 Revenue Bond Issue	1,938,092	1,950,417
1996 Revenue Bond Issue	2,230,987	2,249,877
1996A Revenue Bond Issue	632,465	625,196
1998 Revenue Bond Issue	3,335,161	3,305,625
1999 Revenue Bond Issue	132,551	135,391
2000 Revenue Bond Issue	4,340,742	3,375,582
Other Restricted Assets	2,077,740	2,200,748
	\$18,722,378	\$17,821,675

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. Health benefits are provided to employees through a contract with a commercial carrier. There have been no significant reductions in insurance coverage from the prior years and settled claims have not exceeded insurance coverage in any of the past three years.

11. COMMITMENTS

A. Landfill Water Service Area

On September 15, 1993, the County of Loudoun requested that the Authority design and construct a water system to serve the area designated by the Board of Supervisors around the County landfill. The County agrees to pay the Authority the total project cost up to \$5,395,934, including the water treatment component of availability fees for each structure designated in the agreement to be connected to the Water System ("Designated Connections"). As of December 31, 2001, the County has reimbursed the Authority \$4,635,261 for project costs and \$276,437 for availability fees.

The Authority agrees to reimburse the County for the design and construction cost of the transmission main component of the water system. Reimbursement will be made from future availability fees collected from non-designated connections which will be charged the authority's full availability fee in effect at the time of application for service.

B. Fairfax County Water Authority

On September 9, 1999, the Authority entered into Water Service Agreement No. 4 with the Fairfax County Water Authority regarding the Authority's allocated cost for the replacement of the Occoquan and Lorton Water Treatment Plants with a new treatment plant ("Griffith Plant") which will be constructed in southern Fairfax County, Virginia. The projected cost to the Authority for this replacement is \$4.1 million. Beginning in January 2000, the authority began making equal monthly installments based on its share of 2.38% of annual estimated non-growth project expenses. As of December 31, 2001, the Authority has paid \$1,754,000 for the Griffith Plant. Construction of the Griffith Plant is expected to be substantially completed by December 31, 2003.

C. Broad Run Water Reclamation Facility

In 1998, the Authority initiated the Broad Run Water Reclamation Facility (WRF) Preliminary Design Study to identify the best overall solution to meet the area's increasing need for wastewater treatment while considering and protecting the interests of the community and the environment. The study was completed in 2000 at a cost of approximately \$975,000. After extensive evaluation, the Authority identified membrane bioreactor (MBR) technology as the most promising treatment process for the future WRF and began pilot testing of the process in 2000. The pilot program was completed in May of 2001, and it is anticipated that the Broad Run WRF will be substantially complete by December 31, 2008. The total estimated cost of the Broad Run WRF Phase I (12 MGD) is \$175 million. As of December 31, 2001, the Authority has paid approximately \$2.4 million in expenses associated with the Plant.

On March 25, 2002, the Authority entered into an agreement with CH2M Hill for design, construction and start-up services associated with the Broad Run WRF. The design will follow a phased approach that has been developed to provide a framework to more efficiently undertake the design process. CH2M Hill and the Authority have reached a mutual understanding that the total basic and special services for the current design program will not exceed \$9.7 million.

D. District of Columbia Water and Wastewater Authority (DCWASA)

In 1998, the authority, DCWASA and the District of Columbia executed an Agreement whereby the DCWASA agreed to provide wastewater treatment capacity at the Blue Plains Wastewater Treatment Plant, as well as corresponding transmission entitlements in the Potomac Interceptor System. The Authority pays DCWASA for capital expenses based on the authority's allocated capacity of 13.8 MGD. Operation and maintenance costs are based on actual flows. For the year ended December 31, 2001, the Authority paid the DCWASA approximately \$1.6 million for on-going capital improvements at Blue Plains.

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows)				
General Property Taxes	\$ 300,304,769	\$ 300,304,769	\$ 308,992,940	\$ 8,688,171
Other Local Taxes	67,275,796	67,308,868	60,624,017	(6,684,851)
Permits and Licenses	15,172,350	15,172,350	11,701,399	(3,470,951)
Intergovernmental	56,987,315	58,594,060	67,973,629	9,379,569
Charges for Services	9,007,071	9,342,777	10,321,129	978,352
Fines and Forfeitures	1,594,650	1,594,650	1,387,677	(206,973)
Use of Money and Property	6,210,762	6,214,315	6,154,036	(60,279)
Recovered Costs	4,372,135	5,044,917	5,264,162	219,245
Miscellaneous	596,940	285,137	490,350	205,213
Transfers from Other Funds	869,529	1,569,470	2,883,031	1,313,561
Transfers from Component Units	-	-	670,750	670,750
Amounts Available for Appropriation	462,391,317	465,431,313	476,463,120	11,031,807
Charges to Appropriations (Outflows)				
General Government Administration	34,736,973	36,117,051	31,881,582	4,235,469
Judicial Administration	8,098,695	7,142,197	6,665,991	476,206
Public Safety	61,902,477	60,176,873	57,081,614	3,095,259
Public Works	16,668,462	15,497,246	13,041,880	2,455,366
Health and Welfare	41,090,980	43,463,530	40,214,226	3,249,304
Parks, Recreation and Cultural Development	27,688,824	27,120,046	24,421,174	2,698,872
Community Development	19,172,232	20,776,897	17,104,894	3,672,003
Education	172,703	172,703	172,703	-
Nondepartmental:				
Transfers to Other Funds	86,870,134	90,067,853	74,978,026	15,089,827
Transfers to Component Units	222,115,876	222,115,876	225,758,031	(3,642,155)
Total Charges to Appropriations	518,517,356	522,650,272	491,320,121	31,330,151
Excess (Deficiency) of Resources Over				
Charges to Appropriations	(56,126,039)	(57,218,959)	(14,857,001)	42,361,958
Fund Balance at Beginning of Year	107,238,657	107,238,657	107,238,657	-
Fund Balance at End of Year	\$ 51,112,618	\$ 50,019,698	\$ 92,381,656	\$ 42,361,958

Budgets are prepared and adopted on a basis consistent with accounting principles generally accepted in the United States.

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITY FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows)				
Use of Money and Property	\$ -	\$ -	\$ 936,741	\$ 936,741
Miscellaneous	-	290,000	9,057,863	8,767,863
Amounts Available for Appropriation	-	290,000	9,994,604	9,704,604
Charges to Appropriations (Outflows)				
Public Safety	-	-	367,925	(367,925)
Community Development	-	-	3,220,796	(3,220,796)
Transfers to Other Funds	-	290,000	2,239,384	(1,949,384)
Total Charges to Appropriations	-	290,000	5,828,105	(5,538,105)
Excess (Deficiency) of Resources Over Charges to Appropriations	-	-	4,166,499	4,166,499
Fund Balance at Beginning of Year	32,259,535	32,259,535	32,259,535	-
Fund Balance at End of Year	\$ 32,259,535	\$ 32,259,535	\$ 36,426,034	\$ 4,166,499

Budgets are prepared and adopted on a basis consistent with accounting principles generally accepted in the United States.

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2002**

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows)				
Other Local Taxes	\$ 4,225,953	\$ 4,295,435	\$ 3,498,185	\$ (797,250)
Use of Money and Property	-	-	256,680	256,680
Transfers from Other Funds	-	5,154	5,154	-
Amounts Available for Appropriation	<u>4,225,953</u>	<u>4,300,589</u>	<u>3,760,019</u>	<u>(540,570)</u>
Charges to Appropriations (Outflows)				
Public Works	2,683,639	2,533,104	1,893,160	639,944
Transfers to Other Funds	1,395,065	1,620,234	1,755,667	(135,433)
Total Charges to Appropriations	<u>4,078,704</u>	<u>4,153,338</u>	<u>3,648,827</u>	<u>504,511</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	147,249	147,251	111,192	(36,059)
Fund Balance at Beginning of Year	-	-	8,258,459	(8,258,459)
Fund Balance at End of Year	<u>\$ 147,249</u>	<u>\$ 147,251</u>	<u>\$ 8,369,651</u>	<u>\$ (8,294,518)</u>

Budgets are prepared and adopted on a basis consistent with accounting principles generally accepted in the United States.

**COUNTY OF LOUDOUN, VIRGINIA
PUBLIC EMPLOYEE RETIREMENT SYSTEMS - PRIMARY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS (Unaudited)

		(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL (2) - (1))	Funded Ratio (1) / (2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1)) / (5)
Volunteer Fire and Rescue Retirement System	6/30/1997	\$ 4,443,352	\$ 6,551,000	\$ 2,107,648	67.83%	N/A	N/A
	6/30/1998	5,229,206	7,266,000	2,036,794	71.97%	N/A	N/A
	6/30/1999	5,674,412	7,631,000	1,956,588	74.36%	N/A	N/A
	6/30/2000	6,584,256	8,475,000	1,890,744	77.69%	N/A	N/A
	6/30/2001	6,889,440	9,321,000	2,431,560	73.91%	N/A	N/A
	6/30/2002	7,480,797	9,643,000	2,162,203	77.58%	N/A	N/A
Virginia Retirement System	6/30/1994	\$ 44,079,818	\$ 41,575,953	\$ (2,503,865)	106.02%	\$ 31,826,124	-7.87%
	6/30/1996	58,869,631	56,151,100	(2,718,531)	104.84%	36,313,853	-7.49%
	6/30/1998	85,482,917	81,302,071	(4,180,846)	105.14%	43,183,750	-9.68%
	6/30/1999	101,205,719	96,474,848	(4,730,871)	104.90%	48,656,343	-9.72%
	6/30/2000	120,106,673	104,252,713	(15,853,960)	115.21%	57,334,672	-27.65%
	6/30/2001	137,285,399	122,153,258	(15,132,141)	112.39%	72,476,675	-20.88%

All six year-recommended trend information has been calculated using the Entry Age Normal actuarial cost method. Under the Entry Age Normal actuarial cost method, the actuarial present value of future benefits for each member is allocated for the members's pensionable compensation on a level basis between the entry age of the member and the estimated exit age. The portion of the present value of future benefits not provided for by the present value of future normal costs is called the actuarial accrued liability.

Analysis of dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading.

* Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each plan's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

* Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (Unaudited)

General Employees			Volunteer Firefighter		
Actuarial Date	Annual Required Contribution	Percentage Contributed	Actuarial Date	Annual Required Contribution	Percentage Contributed
6/30/1997	\$ 3,771,948	100%	6/30/1997	\$ 594,164	100%
6/30/1998	4,819,194	100%	6/30/1998	721,111	100%
6/30/1999	4,908,933	100%	6/30/1999	725,334	100%
6/30/2000	5,742,564	100%	6/30/2000	799,815	100%
6/30/2001	6,842,214	100%	6/30/2001	652,896	100%
6/30/2002	7,998,183	100%	6/30/2002	783,590	100%

COUNTY OF LOUDOUN, VIRGINIA
PUBLIC EMPLOYEE RETIREMENT SYSTEMS - COMPONENT UNITS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (Unaudited)

		(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL (2) - (1))	Funded Ratio (1) / (2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1)) / (5)
School Board:	6/30/1994	\$ 8,384,274	\$ 9,071,802	\$ 687,528	92.42%	\$ 7,018,684	9.80%
Virginia Retirement	6/30/1996	11,478,047	13,496,292	2,018,245	85.05%	8,211,722	24.58%
System	6/30/1998	16,849,150	19,028,057	2,178,907	88.55%	10,210,748	21.34%
	6/30/1999	19,675,543	20,487,648	812,105	96.04%	11,313,639	7.18%
	6/30/2000	23,544,746	20,727,670	(2,817,076)	113.59%	13,193,813	-21.35%
	6/30/2001	27,148,809	25,379,887	(1,768,922)	106.97%	16,749,346	-10.56%
Loudoun County	6/30/1994	\$ 3,443,682	\$ 3,516,186	\$ 72,504	97.94%	\$ 2,990,770	2.42%
Sanitation Authority:	6/30/1996	4,743,824	5,461,522	717,698	86.86%	3,596,096	19.96%
Virginia Retirement	6/30/1998	7,001,143	7,468,872	467,729	93.74%	3,927,992	11.91%
System	6/30/1999	8,322,578	8,774,405	451,827	94.85%	4,065,173	11.11%
	6/30/2000	9,846,610	8,892,058	(954,552)	110.73%	4,538,869	-21.03%
	6/30/2001	11,225,171	10,352,278	(872,893)	108.43%	4,973,017	-17.55%

All six year-recommended trend information has been calculated using the Entry Age Normal actuarial cost method. Under the Entry Age Normal actuarial cost method, the actuarial present value of future benefits for each member is allocated for the members's pensionable compensation on a level basis between the entry age of the member and the estimated exit age. The portion of the present value of future benefits not provided for by the present value of future normal costs is called the actuarial accrued liability.

Analysis of dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading.

* Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of each plan's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

* Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (Unaudited)

School Board			Loudoun County Sanitation Authority		
Actuarial Date	Annual Required Contribution	Percentage Contributed	Actuarial Date	Annual Required Contribution	Percentage Contributed
6/30/1997	\$ 1,009,746	100%	6/30/1996	\$ 318,580	100%
6/30/1998	1,121,786	100%	6/30/1997	365,381	100%
6/30/1999	1,275,579	100%	6/30/1998	425,009	100%
6/30/2000	1,458,767	100%	6/30/1999	456,788	100%
6/30/2001	1,736,786	100%	6/30/2000	498,691	100%
6/30/2002	1,975,031	100%	6/30/2001	519,375	100%

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Route 28 Special Improvements Fund - This fund is used to account for the proceeds from the Route 28 Transportation Taxing District and are legally restricted to expenditures for transportation in that district.

Broad Run Farms Sewer Improvements Fund - This fund is used to account for the proceeds from the Broad Run Farms Sewer Taxing District and are legally restricted to expenditures for sewers in that district.

Aldie Sewer Service District Fund - This fund is used to account for the proceeds from the Aldie Sewer Service Taxing District and are legally restricted to expenditures for sewers in that district.

Comprehensive Services Act Fund - This fund is used to account for the general operations of the County's Comprehensive Services for At-Risk Youth and Families. Financing is provided primarily by transfers from General Fund and from State grants.

Community Development Fund - This fund is used to account for the operations of the Community Development Block Grant program. Financing is provided by the Federal grant to be used only for community development purposes.

Legal Resource Center Fund - This fund is used to account for the operations of the Law Library. Financing is provided through writ assessments and other contributions.

Federally Forfeited Property Fund - This fund is used to account for the proceeds from confiscated property and are restricted to use for law enforcement purposes.

Hotel and Motel Room Tax Fund - This fund is used to account for 3% of the 5% Transient Occupancy Tax collected from lodging facilities in the County. These funds are used to promote tourism in the County.

County-Wide Sewer Service District Fund - This fund is used to account for the proceeds from the Virginia Resources Authority and are legally restricted to expenditures for small water facility projects in the County.

Hamilton Sewer Service District Fund - This fund is used to account for the proceeds from the Hamilton Sewer Service Taxing District and are legally restricted to expenditures for sewers in that district.

Community Development Authority Fund - This fund is designed to collect a special assessment on real property for the purpose of paying debt service to finance and construct public infrastructure at the Dulles Town Center development.

Purchase of Development Rights Fund - This fund is used to account for the County-managed Purchase of Development Rights program. These funds are used to enter agreements with landowners to purchase development rights of their property.

Emergency 911 Fund - This fund is used to account for the operations of the County's Emergency Communications Center. Financing is provided by local fees and charges, State funding and transfers from the General Fund.

Rental Assistance Fund - This fund is used to account for proceeds received from the U.S. Department of Housing and Urban Development (HUD) so the County can act as direct administrator for the Section 8 Rental Assistance Program.

Public Transportation Fund - This fund is used to account for the County's share of construction costs associated with Phases II and III of the Dulles Transit Project. These funds are restricted to this project.

Revenue Maximization Fund - This fund is designed to secure additional Federal revenue for local social service activities. The new funds cannot be used to supplant other funds. These funds cannot be substituted for existing financial commitments on the part of state and local government.

Sheriff's Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for law enforcement purposes.

Animal Shelter Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for the animal shelter.

Housing Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for affordable housing in the County.

Uran Holocaust Trust Fund - This fund is used to account for monies provided by a private donor, restricted to use for the purchase of educational holocaust materials in the libraries.

Horton Program For The Arts Trust Fund - This fund is used to account for monies provided by private donors, restricted to use for the funding of cultured and arts programs at the Eastern Loudoun Regional Library.

Capital Funds

Capital funds are used to account for the acquisition, construction or replacement of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Asset Replacement Fund - This fund is used to account for the repair and/or replacement of major capital facilities, including buildings, major equipment and other long-lived improvements for the general government. Financing is provided primarily by transfers from the General Fund.

**COUNTY OF LOUDOUN, VIRGINIA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2002**

	Special Revenue Funds				
	Route 28 Special Improvements	Broad Run Farms Sewer Improvements	Aldie Sewer Service District	Comprehensive Services Act	Community Development
ASSETS					
Cash and Cash Equivalents	\$ 1,634,419	\$ 423,386	\$ 34,267	\$ -	\$ 16,239
Cash and Investments with Fiscal Agents	-	-	-	-	-
Receivables, Net:					
Taxes	113,284	5,991	4,050	-	-
Accounts	-	-	-	-	-
Receivables from Other Governments	-	-	-	1,875,987	-
Prepaid Items	-	-	-	-	-
Total Assets	\$ 1,747,703	\$ 429,377	\$ 38,317	\$ 1,875,987	\$ 16,239
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,633,929	\$ 9,723	\$ 1,596	\$ 558,373	\$ -
Accrued Liabilities	-	-	-	-	-
Deferred Revenue	113,774	5,991	4,050	-	-
Due to Other Funds	-	-	-	916,923	10,928
Other Liabilities	-	-	-	-	17,700
Total Liabilities	1,747,703	15,714	5,646	1,475,296	28,628
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Unreserved, reported in:					
Special Revenue Funds:					
Designated for Fiscal Cash Liquidity	-	-	-	360,000	-
Undesignated	-	413,663	32,671	40,691	(12,389)
Capital Project Funds:					
Designated for Appropriations	-	-	-	-	-
Total Fund Balances	-	413,663	32,671	400,691	(12,389)
Total Liabilities and Fund Balances	\$ 1,747,703	\$ 429,377	\$ 38,317	\$ 1,875,987	\$ 16,239

Legal Resource Center	Federal Forfeited Property	Hotel and Motel Room Tax	County-Wide Sewer Service District	Hamilton Sewer Service District	Community Development Authority	Purchase of Development Rights
\$ 17,475	\$ 282,399	\$ 1,338,869	\$ 754,280	\$ 181,431	\$ 1,180,391	\$ 8,000,000
-	-	-	-	-	-	-
-	-	-	-	3,563	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,475</u>	<u>\$ 282,399</u>	<u>\$ 1,338,869</u>	<u>\$ 754,280</u>	<u>\$ 184,994</u>	<u>\$ 1,180,391</u>	<u>\$ 8,000,000</u>
\$ 406	\$ 6,050	\$ -	\$ -	\$ 9,911	\$ -	\$ -
649	-	-	-	-	-	-
-	-	-	754,280	3,862	-	-
-	-	-	-	-	-	-
-	11,985	-	-	-	-	-
<u>1,055</u>	<u>18,035</u>	<u>-</u>	<u>754,280</u>	<u>13,773</u>	<u>-</u>	<u>-</u>
-	10,300	-	-	-	-	-
-	-	-	-	-	-	-
16,420	254,064	1,338,869	-	171,221	1,180,391	8,000,000
-	-	-	-	-	-	-
<u>16,420</u>	<u>264,364</u>	<u>1,338,869</u>	<u>-</u>	<u>171,221</u>	<u>1,180,391</u>	<u>8,000,000</u>
<u>\$ 17,475</u>	<u>\$ 282,399</u>	<u>\$ 1,338,869</u>	<u>\$ 754,280</u>	<u>\$ 184,994</u>	<u>\$ 1,180,391</u>	<u>\$ 8,000,000</u>

**COUNTY OF LOUDOUN, VIRGINIA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2002**

	Special Revenue Funds			
	Emergency 911 Fees	Rental Assistance Program	Public Transportation Fund	Revenue Maximization
ASSETS				
Cash and Cash Equivalents	\$ 1,336,576	\$ -	\$ 877,920	\$ 745,211
Cash and Investments with Fiscal Agents	-	-	-	-
Receivables, Net:				
Taxes	-	-	-	-
Accounts	-	423	-	-
Receivables from Other Governments	21,352	129,452	-	-
Prepaid Items	15,000	448,249	-	-
Total Assets	<u>\$ 1,372,928</u>	<u>\$ 578,124</u>	<u>\$ 877,920</u>	<u>\$ 745,211</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 39,916	\$ 773	\$ -	\$ 19
Accrued Liabilities	61,911	540	-	-
Deferred Revenue	-	3,164	-	745,192
Due to Other Funds	747,787	489,920	-	-
Other Liabilities	-	83,727	-	-
Total Liabilities	<u>849,614</u>	<u>578,124</u>	<u>-</u>	<u>745,211</u>
Fund Balances:				
Reserved for:				
Encumbrances	141,817	-	-	-
Unreserved, reported in:				
Special Revenue Funds:				
Designated for Fiscal Cash Liquidity	350,000	-	-	-
Undesignated	31,497	-	877,920	-
Capital Project Funds:				
Designated for Appropriations	-	-	-	-
Total Fund Balances	<u>523,314</u>	<u>-</u>	<u>877,920</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,372,928</u>	<u>\$ 578,124</u>	<u>\$ 877,920</u>	<u>\$ 745,211</u>

Sheriff's Trust	Animal Shelter Trust	Housing Trust	Uran Holocaust Trust	Horton Program For the Arts	Capital Fund Capital Asset Replacement	Total Other Governmental Funds
\$ 16,512	\$ 161,310	\$ 328,228	\$ 851,246	\$ 7,898	\$ 2,834,975	\$ 21,023,032
-	-	-	-	-	3,750	3,750
-	-	-	-	-	-	126,888
-	-	-	-	-	-	423
-	-	-	-	-	-	2,026,791
-	-	-	-	-	-	463,249
<u>\$ 16,512</u>	<u>\$ 161,310</u>	<u>\$ 328,228</u>	<u>\$ 851,246</u>	<u>\$ 7,898</u>	<u>\$ 2,838,725</u>	<u>\$ 23,644,133</u>
\$ 56	\$ -	\$ -	\$ 2,376	\$ -	\$ 195,120	\$ 2,458,248
-	-	-	-	-	-	63,100
-	-	-	-	-	-	1,630,313
-	-	-	-	-	-	2,165,558
-	-	-	-	-	-	113,412
<u>56</u>	<u>-</u>	<u>-</u>	<u>2,376</u>	<u>-</u>	<u>195,120</u>	<u>6,430,631</u>
-	280	-	6,959	-	375,274	534,630
-	-	-	-	-	-	710,000
16,456	161,030	328,228	841,911	7,898	-	13,700,541
-	-	-	-	-	2,268,331	2,268,331
<u>16,456</u>	<u>161,310</u>	<u>328,228</u>	<u>848,870</u>	<u>7,898</u>	<u>2,643,605</u>	<u>17,213,502</u>
<u>\$ 16,512</u>	<u>\$ 161,310</u>	<u>\$ 328,228</u>	<u>\$ 851,246</u>	<u>\$ 7,898</u>	<u>\$ 2,838,725</u>	<u>\$ 23,644,133</u>

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Special Revenue Funds				
	Route 28 Special Improvements	Broad Run Farms Sewer Improvements	Aldie Sewer Service District	Comprehensive Services Act	Community Development
REVENUES					
General Property Taxes	\$ 5,156,873	\$ 558,358	\$ 35,971	\$ -	\$ -
Other Local Taxes	-	-	-	-	-
Intergovernmental	-	-	-	3,268,544	-
Charges for Services	-	-	-	-	-
Use of Money and Property	-	-	-	-	-
Recovered Costs	-	-	-	379,634	-
Gifts and Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	600
Total Revenues	5,156,873	558,358	35,971	3,648,178	600
EXPENDITURES					
Current Operating:					
Judicial Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	5,156,873	144,695	27,476	-	-
Health and Welfare	-	-	-	6,237,112	-
Parks, Recreation and Culture	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service:					
Principal Payments	-	-	-	-	-
Interest and Service Charges	-	-	-	-	-
Total Expenditures	5,156,873	144,695	27,476	6,237,112	-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	-	413,663	8,495	(2,588,934)	600
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	2,862,276	-
Transfers (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	2,862,276	-
Net Change in Fund Balances	-	413,663	8,495	273,342	600
Fund Balances at Beginning of Year	-	-	24,176	127,349	(12,989)
Fund Balances at End of Year	\$ -	\$ 413,663	\$ 32,671	\$ 400,691	\$ (12,389)

Legal Resource Center	Federal Forfeited Property	Hotel and Motel Room Tax	County-Wide Sewer Service District	Hamilton Sewer Service District	Community Development Authority	Purchase of Development Rights
\$ -	\$ -	\$ -	\$ -	\$ 72,779	\$ 2,186,710	\$ -
-	-	1,383,717	-	-	-	-
-	-	-	-	-	-	-
32,205	-	-	-	-	-	-
-	7,747	-	22,136	22	-	-
-	63,976	-	1,421	35	-	-
-	-	-	-	-	-	-
-	-	-	7,582	28,082	-	-
<u>32,205</u>	<u>71,723</u>	<u>1,383,717</u>	<u>31,139</u>	<u>100,918</u>	<u>2,186,710</u>	<u>-</u>
31,328	-	-	-	-	-	-
-	49,123	-	-	-	-	-
-	-	-	62,601	-	-	-
-	-	-	-	171,444	-	-
-	-	1,541,816	-	-	-	-
-	-	30,000	-	-	1,006,319	-
-	-	-	-	-	-	-
-	-	-	89,560	-	-	-
-	-	-	15,978	-	-	-
<u>31,328</u>	<u>49,123</u>	<u>1,571,816</u>	<u>168,139</u>	<u>171,444</u>	<u>1,006,319</u>	<u>-</u>
877	22,600	(188,099)	(137,000)	(70,526)	1,180,391	-
-	-	-	137,000	176,000	-	4,000,000
-	(19,997)	(624,464)	-	-	-	-
-	(19,997)	(624,464)	137,000	176,000	-	4,000,000
877	2,603	(812,563)	-	105,474	1,180,391	4,000,000
15,543	261,761	2,151,432	-	65,747	-	4,000,000
<u>\$ 16,420</u>	<u>\$ 264,364</u>	<u>\$ 1,338,869</u>	<u>\$ -</u>	<u>\$ 171,221</u>	<u>\$ 1,180,391</u>	<u>\$ 8,000,000</u>

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Special Revenue Funds			
	Emergency 911 Fees	Rental Assistance Program	Public Transportation Fund	Revenue Maximization
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	2,502,840	-	-	-
Intergovernmental	262,594	5,456,746	-	217,335
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Recovered costs	188,070	15,799	-	1,805
Gifts and Donations	-	-	-	-
Miscellaneous	-	1,014	-	-
Total Revenues	<u>2,953,504</u>	<u>5,473,559</u>	<u>-</u>	<u>219,140</u>
EXPENDITURES				
Current Operating:				
Judicial Administration	-	-	-	-
Public Safety	3,489,588	-	-	-
Public Works	-	-	-	-
Health and Welfare	-	5,473,559	-	219,140
Parks, Recreation and Culture	-	-	-	-
Community Development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal Payments	-	-	-	-
Interest and service charges	-	-	-	-
Total Expenditures	<u>3,489,588</u>	<u>5,473,559</u>	<u>-</u>	<u>219,140</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(536,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,853,788	-	1,250,000	-
Transfers (out)	-	-	(372,080)	-
Total Other Financing Sources (uses)	<u>1,853,788</u>	<u>-</u>	<u>877,920</u>	<u>-</u>
Net Change in Fund Balances	<u>1,317,704</u>	<u>-</u>	<u>877,920</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>(794,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 523,314</u>	<u>\$ -</u>	<u>\$ 877,920</u>	<u>\$ -</u>

Sheriff's Trust	Animal Shelter Trust	Housing Trust	Uran Holocaust Trust	Horton Program For the Arts	Capital Fund Capital Asset Replacement	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,010,691
-	-	-	-	-	81,747	3,968,304
-	6,022	-	-	-	-	9,211,241
-	-	-	-	-	1,275	33,480
-	4,449	-	23,955	205	-	58,514
-	-	-	-	-	15,000	665,740
20,667	15,552	38,056	25,000	2,000	-	101,275
-	-	125,674	-	-	-	162,952
<u>20,667</u>	<u>26,023</u>	<u>163,730</u>	<u>48,955</u>	<u>2,205</u>	<u>98,022</u>	<u>22,212,197</u>
-	-	-	-	-	-	31,328
16,541	-	-	-	-	-	3,555,252
-	-	-	-	-	1,379,208	6,770,853
-	22,451	59,000	-	-	-	12,182,706
-	-	-	105,271	750	-	1,647,837
-	-	-	-	-	-	1,036,319
-	-	-	-	-	135,363	135,363
-	-	-	-	-	-	89,560
-	-	-	-	-	-	15,978
<u>16,541</u>	<u>22,451</u>	<u>59,000</u>	<u>105,271</u>	<u>750</u>	<u>1,514,571</u>	<u>25,465,196</u>
<u>4,126</u>	<u>3,572</u>	<u>104,730</u>	<u>(56,316)</u>	<u>1,455</u>	<u>(1,416,549)</u>	<u>(3,252,999)</u>
-	-	-	-	-	(592,601)	9,686,463
-	-	-	-	-	-	(1,016,541)
-	-	-	-	-	(592,601)	8,669,922
4,126	3,572	104,730	(56,316)	1,455	(2,009,150)	5,416,923
12,330	157,738	223,498	905,186	6,443	4,652,755	11,796,579
<u>\$ 16,456</u>	<u>\$ 161,310</u>	<u>\$ 328,228</u>	<u>\$ 848,870</u>	<u>\$ 7,898</u>	<u>\$ 2,643,605</u>	<u>\$ 17,213,502</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
ROUTE 28 SPECIAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
General Property Taxes	\$ 4,480,544	\$ 5,156,873	\$ 676,329
Amounts Available for Appropriation	<u>4,480,544</u>	<u>5,156,873</u>	<u>676,329</u>
Charges to Appropriations (Outflows)			
Public Works	4,480,544	5,156,873	(676,329)
Total Charges to Appropriations	<u>4,480,544</u>	<u>5,156,873</u>	<u>(676,329)</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF LOUDOUN, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 BROAD RUN FARMS SEWER IMPROVEMENTS FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
General Property Taxes	\$ 171,036	\$ 558,358	\$ 387,322
Amounts Available for Appropriation	171,036	558,358	387,322
Charges to Appropriations (Outflows)			
Public Works	171,036	144,695	26,341
Total Charges to Appropriations	171,036	144,695	26,341
Excess (Deficiency) of Resources Over Charges to Appropriations	-	413,663	413,663
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ -	\$ 413,663	\$ 413,663

COUNTY OF LOUDOUN, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 ALDIE SEWER SERVICE DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
General Property Taxes	\$ 28,467	\$ 35,971	\$ 7,504
Amounts Available for Appropriation	28,467	35,971	7,504
Charges to Appropriations (Outflows)			
Public Works	28,467	27,476	991
Total Charges to Appropriations	28,467	27,476	991
Excess (Deficiency) of Resources Over Charges to Appropriations	-	8,495	8,495
Fund Balance at Beginning of Year	24,176	24,176	-
Fund Balance at End of Year	\$ 24,176	\$ 32,671	\$ 8,495

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COMPREHENSIVE SERVICES ACT FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ 3,239,726	\$ 3,268,544	\$ 28,818
Recovered Costs	300,000	379,634	79,634
Transfers from Other Funds	3,102,276	2,862,276	(240,000)
Amounts Available for Appropriation	<u>6,642,002</u>	<u>6,510,454</u>	<u>(131,548)</u>
Charges to Appropriations (Outflows)			
Health and Welfare	6,642,002	6,237,112	404,890
Total Charges to Appropriations	<u>6,642,002</u>	<u>6,237,112</u>	<u>404,890</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	273,342	273,342
Fund Balance at Beginning of Year	127,349	127,349	-
Fund Balance at End of Year	<u>\$ 127,349</u>	<u>\$ 400,691</u>	<u>\$ 273,342</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Miscellaneous	\$ -	\$ 600	\$ 600
Amounts Available for Appropriation	<u>-</u>	<u>600</u>	<u>600</u>
Charges to Appropriations (Outflows)			
Community Development	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	-	600	600
Fund Balance at Beginning of Year	(12,989)	(12,989)	-
Fund Balance at End of Year	<u>\$ (12,989)</u>	<u>\$ (12,389)</u>	<u>\$ 600</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
LEGAL RESOURCES CENTER FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Charges for Services	\$ 32,076	\$ 32,205	\$ 129
Amounts Available for Appropriation	32,076	32,205	129
Charges to Appropriations (Outflows)			
Judicial Administration	32,076	31,328	748
Total Charges to Appropriations	32,076	31,328	748
Excess (Deficiency) of Resources Over Charges to Appropriations	-	877	877
Fund Balance at Beginning of Year	15,543	15,543	-
Fund Balance at End of Year	\$ 15,543	\$ 16,420	\$ 877

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
FEDERAL FORFEITED PROPERTY FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Use of Money and Property	\$ -	\$ 7,747	\$ 7,747
Recovered Costs	-	63,976	63,976
Amounts Available for Appropriation	<u>-</u>	<u>71,723</u>	<u>71,723</u>
Charges to Appropriations (Outflows)			
Public Safety	245,862	49,123	196,739
Transfers to Other Funds	-	19,997	(19,997)
Total Charges to Appropriations	<u>245,862</u>	<u>69,120</u>	<u>176,742</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	(245,862)	2,603	248,465
Fund Balance at Beginning of Year	<u>261,761</u>	<u>261,761</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 15,899</u>	<u>\$ 264,364</u>	<u>\$ 248,465</u>

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
HOTEL AND MOTEL ROOM TAX FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Other Local Taxes	\$ 2,549,395	\$ 1,383,717	\$ (1,165,678)
Amounts Available for Appropriation	<u>2,549,395</u>	<u>1,383,717</u>	<u>(1,165,678)</u>
Charges to Appropriations (Outflows)			
Parks, Recreation and Cultural Development	1,541,816	1,541,816	-
Community Development	30,000	30,000	-
Transfers to Other Funds	624,464	624,464	-
Total Charges to Appropriations	<u>2,196,280</u>	<u>2,196,280</u>	<u>-</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	353,115	(812,563)	(1,165,678)
Fund Balance at Beginning of Year	<u>2,151,432</u>	<u>2,151,432</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,504,547</u>	<u>\$ 1,338,869</u>	<u>\$ (1,165,678)</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COUNTY-WIDE SEWER SERVICE DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ 31,139	\$ -	\$ (31,139)
Use of Money and Property	-	22,136	22,136
Recovered Costs	-	1,421	1,421
Miscellaneous	-	7,582	7,582
Transfers from Other Funds	137,000	137,000	-
Amounts Available for Appropriation	<u>168,139</u>	<u>168,139</u>	<u>-</u>
Charges to Appropriations (Outflows)			
Public Works	168,139	62,601	105,538
Nondepartmental:			
Debt Service	-	105,538	(105,538)
Total Charges to Appropriations	<u>168,139</u>	<u>168,139</u>	<u>-</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
HAMILTON SEWER SERVICE DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
General Property Taxes	\$ 64,152	\$ 72,779	\$ 8,627
Use of Money and Property	-	22	22
Recovered Costs	37	35	(2)
Miscellaneous	10,838	28,082	17,244
Transfers from Other Funds	176,000	176,000	-
Amounts Available for Appropriation	<u>251,027</u>	<u>276,918</u>	<u>25,891</u>
Charges to Appropriations (Outflows)			
Health and Welfare	273,146	171,444	101,702
Total Charges to Appropriations	<u>273,146</u>	<u>171,444</u>	<u>101,702</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	(22,119)	105,474	127,593
Fund Balance at Beginning of Year	65,747	65,747	-
Fund Balance at End of Year	<u>\$ 43,628</u>	<u>\$ 171,221</u>	<u>\$ 127,593</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT AUTHORITY FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
General Property Taxes	\$ -	\$ 2,186,710	\$ 2,186,710
Amounts Available for Appropriation	-	2,186,710	2,186,710
Charges to Appropriations (Outflows)			
Community Development	-	1,006,319	(1,006,319)
Total Charges to Appropriations	-	1,006,319	(1,006,319)
Excess (Deficiency) of Resources Over Charges to Appropriations	-	1,180,391	1,180,391
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ -	\$ 1,180,391	\$ 1,180,391

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
PURCHASE OF DEVELOPMENT RIGHTS FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Transfers from Other Funds	\$ 4,000,000	\$ 4,000,000	\$ -
Amounts Available for Appropriation	4,000,000	4,000,000	-
Charges to Appropriations (Outflows)			
Community Development	8,000,000	-	8,000,000
Total Charges to Appropriations	8,000,000	-	8,000,000
Excess (Deficiency) of Resources Over Charges to Appropriations	(4,000,000)	4,000,000	8,000,000
Fund Balance at Beginning of Year	4,000,000	4,000,000	-
Fund Balance at End of Year	\$ -	\$ 8,000,000	\$ 8,000,000

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
EMERGENCY 911 FEES FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Other Local Taxes	\$ 2,051,093	\$ 2,502,840	\$ 451,747
Intergovernmental	231,992	262,594	30,602
Recovered Costs	-	188,070	188,070
Transfers from Other Funds	1,853,788	1,853,788	-
Amounts Available for Appropriation	4,136,873	4,807,292	670,419
Charges to Appropriations (Outflows)			
Public Safety	3,905,149	3,489,588	415,561
Total Charges to Appropriations	3,905,149	3,489,588	415,561
Excess (Deficiency) of Resources Over Charges to Appropriations	231,724	1,317,704	1,085,980
Fund Balance at Beginning of Year	(794,390)	(794,390)	-
Fund Balance at End of Year	\$ (562,666)	\$ 523,314	\$ 1,085,980

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
RENTAL ASSISTANCE PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ 6,195,128	\$ 5,456,746	\$ (738,382)
Recovered Costs	-	15,799	15,799
Miscellaneous	-	1,014	1,014
Amounts Available for Appropriation	<u>6,195,128</u>	<u>5,473,559</u>	<u>(721,569)</u>
Charges to Appropriations (Outflows)			
Health and Welfare	6,195,128	5,473,559	721,569
Total Charges to Appropriations	<u>6,195,128</u>	<u>5,473,559</u>	<u>721,569</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Transfers from Other Funds	\$ 1,250,000	\$ 1,250,000	\$ -
Amounts Available for Appropriation	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Charges to Appropriations (Outflows)			
Public Works	877,920	-	877,920
Transfers to Other Funds	372,080	372,080	-
Total Charges to Appropriations	<u>1,250,000</u>	<u>372,080</u>	<u>877,920</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	-	877,920	877,920
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 877,920</u>	<u>\$ 877,920</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
REVENUE MAXIMIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ 219,140	\$ 217,335	\$ (1,805)
Recovered Costs	-	1,805	1,805
Amounts Available for Appropriation	<u>219,140</u>	<u>219,140</u>	<u>-</u>
Charges to Appropriations (Outflows)			
Health and Welfare	219,140	219,140	-
Total Charges to Appropriations	<u>219,140</u>	<u>219,140</u>	<u>-</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
SHERIFF'S TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Miscellaneous	\$ 14,500	\$ 20,667	\$ 6,167
Amounts Available for Appropriation	<u>14,500</u>	<u>20,667</u>	<u>6,167</u>
Charges to Appropriations (Outflows)			
Public Safety	14,500	16,541	(2,041)
Total Charges to Appropriations	<u>14,500</u>	<u>16,541</u>	<u>(2,041)</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	-	4,126	4,126
Fund Balance at Beginning of Year	12,330	12,330	-
Fund Balance at End of Year	<u>\$ 12,330</u>	<u>\$ 16,456</u>	<u>\$ 4,126</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
ANIMAL SHELTER TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ -	\$ 6,022	\$ 6,022
Use of Money and Property	-	4,449	4,449
Miscellaneous	-	15,552	15,552
Amounts Available for Appropriation	-	26,023	26,023
Charges to Appropriations (Outflows)			
Health and Welfare	-	22,451	(22,451)
Total Charges to Appropriations	-	22,451	(22,451)
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	3,572	3,572
Fund Balance at Beginning of Year	157,738	157,738	-
Fund Balance at End of Year	<u>\$ 157,738</u>	<u>\$ 161,310</u>	<u>\$ 3,572</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
HOUSING TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Miscellaneous	\$ -	\$ 163,730	\$ 163,730
Amounts Available for Appropriation	<u>-</u>	<u>163,730</u>	<u>163,730</u>
Charges to Appropriations (Outflows)			
Health and Welfare	-	59,000	(59,000)
Total Charges to Appropriations	<u>-</u>	<u>59,000</u>	<u>(59,000)</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	-	104,730	104,730
Fund Balance at Beginning of Year	223,498	223,498	-
Fund Balance at End of Year	<u>\$ 223,498</u>	<u>\$ 328,228</u>	<u>\$ 104,730</u>

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
URAN HOLOCAUST TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Use of Money and Property	\$ -	\$ 23,955	\$ 23,955
Miscellaneous	25,000	25,000	-
Amounts Available for Appropriation	<u>25,000</u>	<u>48,955</u>	<u>23,955</u>
Charges to Appropriations (Outflows)			
Parks, Recreation and Cultural Development	25,000	105,271	(80,271)
Total Charges to Appropriations	<u>25,000</u>	<u>105,271</u>	<u>(80,271)</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	(56,316)	(56,316)
Fund Balance at Beginning of Year	905,186	905,186	-
Fund Balance at End of Year	<u><u>\$ 905,186</u></u>	<u><u>\$ 848,870</u></u>	<u><u>\$ (56,316)</u></u>

COUNTY OF LOUDOUN, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 HORTON PROGRAM FOR THE ARTS TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Use of Money and Property	\$ -	\$ 205	\$ 205
Miscellaneous	-	2,000	2,000
Amounts Available for Appropriation	-	2,205	2,205
Charges to Appropriations (Outflows)			
Parks, Recreation and Cultural Development	-	750	(750)
Total Charges to Appropriations	-	750	(750)
Excess (Deficiency) of Resources Over			
Charges to Appropriations	-	1,455	1,455
Fund Balance at Beginning of Year	6,443	6,443	-
Fund Balance at End of Year	<u>\$ 6,443</u>	<u>\$ 7,898</u>	<u>\$ 1,455</u>

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Other Local Taxes	\$ 1,002,535	\$ -	\$ 1,002,535	\$ 1,002,535
Intergovernmental	1,555,965	28,098	1,584,063	11,034,965
Charges for Services	15,982	1,655	17,637	17,512
Use of Money and Property	919,230	-	919,230	843,429
Recovered Costs	1,464,515	77,302	1,541,817	1,536,640
Gifts and Donations	3,231,605	55,950	3,287,555	6,177,759
Miscellaneous	255,000	-	255,000	255,000
Total Revenues	8,444,832	163,005	8,607,837	20,867,840
EXPENDITURES				
Public Works	5,381,573	2,739,653	8,121,226	13,448,599
Capital Outlay	94,313,520	13,687,706	108,001,226	222,171,563
Total Expenditures	99,695,093	16,427,359	116,122,452	235,620,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,250,261)	(16,264,354)	(107,514,615)	(214,752,322)
OTHER FINANCING SOURCES (USES)				
Transfers In	94,772,944	24,747,072	119,520,016	121,573,570
Transfers (Out)	(2,870,442)	(122,858)	(2,993,300)	(3,398,181)
Lease/Purchase Financing	21,497,643	-	21,497,643	33,807,643
Faced Amount of Bond Issued	23,891,361	2,800,000	26,691,361	65,193,150
Total Other Financing Sources (Uses)	137,291,506	27,424,214	164,715,720	217,176,182
Net Change in Fund Balances	\$ 46,041,245	11,159,860	\$ 57,201,105	\$ 2,423,860
Fund Balances at Beginning of Year		46,041,245		
Fund Balances at End of Year		\$ 57,201,105		

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL ASSET REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Other Local Taxes	\$ 371,851	\$ 81,747	\$ 453,598	\$ 453,598
Permits and Licenses	33,132	-	33,132	33,132
Charges for Services	2,649	1,275	3,924	3,219
Use of Money and Property	146,000	-	146,000	146,461
Recovered Costs	955,772	15,000	970,772	958,209
Gifts and Donations	-	-	-	-
Miscellaneous	36,011	-	36,011	36,011
Total Revenues	<u>1,545,415</u>	<u>98,022</u>	<u>1,643,437</u>	<u>1,630,630</u>
EXPENDITURES				
Public Works	3,290,401	1,379,208	4,669,609	9,470,034
Capital Outlay	83,430	135,363	218,793	255,749
Total Expenditures	<u>3,373,831</u>	<u>1,514,571</u>	<u>4,888,402</u>	<u>9,725,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,828,416)</u>	<u>(1,416,549)</u>	<u>(3,244,965)</u>	<u>(8,095,153)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,481,171	-	6,481,171	8,094,153
Transfers (Out)	-	(592,601)	(592,601)	-
Lease/Purchase Financing	-	-	-	-
Faced Amount of Bond Issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,481,171</u>	<u>(592,601)</u>	<u>5,888,570</u>	<u>8,094,153</u>
Net Change in Fund Balances	<u>\$ 4,652,755</u>	<u>(2,009,150)</u>	<u>\$ 2,643,605</u>	<u>\$ (1,000)</u>
Fund Balances at Beginning of Year		<u>4,652,755</u>		
Fund Balances at End of Year		<u>\$ 2,643,605</u>		

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Use of Money and Property	\$ 2,400,000	\$ 1,332,551	\$ (1,067,449)
Transfers from Other Funds	47,977,915	41,477,915	(6,500,000)
Faced Amount of Bond Issued Plus Premium	-	73,514,921	73,514,921
Amounts Available for Appropriation	<u>50,377,915</u>	<u>116,325,387</u>	<u>65,947,472</u>
Charges to Appropriations (Outflows)			
Nondepartmental:			
Debt Service	54,677,915	49,549,033	5,128,882
Transfers to Other Funds	-	2,800,000	(2,800,000)
Transfers to Component Units	-	68,350,000	(68,350,000)
Total Charges to Appropriations	<u>54,677,915</u>	<u>120,699,033</u>	<u>(66,021,118)</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	(4,300,000)	(4,373,646)	(73,646)
Fund Balance at Beginning of Year	19,631,678	19,631,678	-
Fund Balance at End of Year	<u>\$ 15,331,678</u>	<u>\$ 15,258,032</u>	<u>\$ (73,646)</u>

COUNTY OF LOUDOUN, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 COMPONENT UNIT - SCHOOL BOARD
 SCHOOL OPERATING
 FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Intergovernmental	\$ 81,950,101	\$ 80,225,869	\$ (1,724,232)
Charges for Services	8,304,959	7,817,846	(487,113)
Use of Money and Property	142,700	297,142	154,442
Recovered Costs	531,677	652,983	121,306
Miscellaneous	94,549	277,017	182,468
Transfers from Primary Government	211,496,956	211,451,391	(45,565)
Lease/Purchase Financing	5,350,000	5,350,000	-
Amounts Available for Appropriation	307,870,942	306,072,248	(1,798,694)
Charges to Appropriations (Outflows)			
Education	311,076,145	304,022,536	7,053,609
Transfers to Primary Government	-	1,307,374	(1,307,374)
Total Charges to Appropriations	311,076,145	305,329,910	5,746,235
Excess (Deficiency) of Resources Over			
Charges to Appropriations	(3,205,203)	742,338	3,947,541
Fund Balance at Beginning of Year	8,151,000	8,151,000	-
Fund Balance at End of Year	\$ 4,945,797	\$ 8,893,338	\$ 3,947,541

**COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COMPONENT UNIT - SCHOOL BOARD
SCHOOL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 541,206	\$ -	\$ 541,206	\$ 541,206
Charges for Services	81	-	81	-
Recovered Costs	1,193,173	-	1,193,173	1,193,173
Miscellaneous	1,317,900	-	1,317,900	1,920,000
Total Revenues	<u>3,052,360</u>	<u>-</u>	<u>3,052,360</u>	<u>3,654,379</u>
EXPENDITURES				
Education	3,740,070	268,303	4,008,373	4,812,388
Capital Outlay	336,586,103	122,262,331	458,848,434	702,371,251
Total Expenditures	<u>340,326,173</u>	<u>122,530,634</u>	<u>462,856,807</u>	<u>707,183,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(337,273,813)</u>	<u>(122,530,634)</u>	<u>(459,804,447)</u>	<u>(703,529,260)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	932,370	-	932,370	932,370
Transfers from Primary Government	43,955,508	8,184,985	52,140,493	53,842,898
Transfers to Primary Government	(13,463,321)	-	(13,463,321)	-
Faced Amount of Bond Issued	328,553,992	62,200,000	390,753,992	648,753,992
Total Other Financing Sources (Uses)	<u>359,978,549</u>	<u>70,384,985</u>	<u>430,363,534</u>	<u>703,529,260</u>
EXTRAORDINARY ITEM				
Insurance Recoveries for Fire Damage	-	2,210,417	2,210,417	-
Net Change in Fund Balances	<u>\$ 22,704,736</u>	<u>(49,935,232)</u>	<u>\$ (27,230,496)</u>	<u>\$ -</u>
Fund Balances at Beginning of Year		22,704,736		
Fund Balances at End of Year		<u>\$ (27,230,496)</u>		

COUNTY OF LOUDOUN, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
COMPONENT UNIT - SCHOOL BOARD
SCHOOL CAPITAL ASSET REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Use of Money and Property	\$ 412,000	\$ -	\$ 412,000	\$ 412,000
Recovered Costs	-	15,342	15,342	11,606
Total Revenues	<u>412,000</u>	<u>15,342</u>	<u>427,342</u>	<u>423,606</u>
EXPENDITURES				
Education	19,962,049	5,265,932	25,227,981	35,450,426
Capital Outlay	414,028	119,666	533,694	446,680
Total Expenditures	<u>20,376,077</u>	<u>5,385,598</u>	<u>25,761,675</u>	<u>35,897,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,964,077)</u>	<u>(5,370,256)</u>	<u>(25,334,333)</u>	<u>(35,473,500)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	90,000	-	90,000	90,000
Transfers from Primary Government	11,714,000	3,629,500	15,343,500	15,343,500
Faced Amount of Bond Issued	9,680,000	5,000,000	14,680,000	20,040,000
Total Other Financing Sources (Uses)	<u>21,484,000</u>	<u>8,629,500</u>	<u>30,113,500</u>	<u>35,473,500</u>
Net Change in Fund Balances	<u>\$ 1,519,923</u>	<u>3,259,244</u>	<u>\$ 4,779,167</u>	<u>\$ -</u>
Fund Balances at Beginning of Year		<u>1,519,923</u>		
Fund Balances at End of Year		<u>\$ 4,779,167</u>		

COUNTY OF LOUDOUN, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 COMPONENT UNIT - SCHOOL BOARD
 SCHOOL DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (Inflows)			
Transfers from Primary Government	\$ 3,642,155	\$ 3,642,155	\$ -
Amounts Available for Appropriation	<u>3,642,155</u>	<u>3,642,155</u>	<u>-</u>
Charges to Appropriations (Outflows)			
Nondepartmental:			
Debt Service	4,342,155	4,189,053	153,102
Total Charges to Appropriations	<u>4,342,155</u>	<u>4,189,053</u>	<u>153,102</u>
Excess (Deficiency) of Resources Over			
Charges to Appropriations	(700,000)	(546,898)	153,102
Fund Balance at Beginning of Year	662,189	662,189	-
Fund Balance at End of Year	<u>\$ (37,811)</u>	<u>\$ 115,291</u>	<u>\$ 153,102</u>

Proprietary Funds

Proprietary funds are used to account for operations that are financed in the manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position and cash flows. Cash and temporary investments related to these proprietary funds are all highly liquid cash equivalents. The County's proprietary fund types consist of the Central Services Fund and the Self-insurance Fund. The operations of these funds are generally intended to be self-supporting.

Central Services Fund - This fund is used to account for the financing of goods or services provided among County departments on a cost reimbursement basis and includes such activities as central duplicating, telephone, mail, support, and fleet management services.

Self Insurance Fund - This fund is used to account for the accumulation of resources to pay for losses incurred by the partial or total retention of risk of loss arising out of the assumption of risk rather than transferring that risk to a third party through the purchase of insurance and includes such retention as health insurance, workers compensation insurance and automobile physical damage insurance.

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENT OF PROPRIETARY NET ASSETS
AS OF JUNE 30, 2002

	Central Service Funds						Self	
	Duplicating	Telephone	Mail	Support	Vehicle Maintenance	Vehicle Replacement	Insurance	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 146,265	\$ -	\$ 28,814	\$ 27,149	\$ 387,199	\$ 3,299,982	\$ 11,108,402	\$ 14,997,811
Cash with Fiscal Agents	-	-	-	-	-	-	1,468,129	1,468,129
Receivables, Net	817	11,704	20	352	832	-	146,162	159,887
Inventory of Supplies	-	-	112,630	-	275,931	-	-	388,561
Prepaid Items	-	-	-	-	195	-	-	195
Total Current Assets	<u>147,082</u>	<u>11,704</u>	<u>141,464</u>	<u>27,501</u>	<u>664,157</u>	<u>3,299,982</u>	<u>12,722,693</u>	<u>17,014,583</u>
Noncurrent Assets:								
Capital Assets:								
Depreciable, Net	-	1,626,646	-	-	230,441	7,254,083	-	9,111,170
Total Noncurrent Assets	-	<u>1,626,646</u>	-	-	<u>230,441</u>	<u>7,254,083</u>	-	<u>9,111,170</u>
Total Assets	<u>\$ 147,082</u>	<u>\$ 1,638,350</u>	<u>\$ 141,464</u>	<u>\$ 27,501</u>	<u>\$ 894,598</u>	<u>\$ 10,554,065</u>	<u>\$ 12,722,693</u>	<u>\$ 26,125,753</u>
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ 87,020	\$ 189,541	\$ 90,273	\$ 889	\$ 126,556	\$ 125,946	\$ 3,153,643	\$ 3,773,868
Due to Other Funds	-	9,833	12,101	20,251	-	-	-	42,185
Accrued Liabilities	-	-	-	-	546	-	-	546
Total Current Liabilities	<u>87,020</u>	<u>199,374</u>	<u>102,374</u>	<u>21,140</u>	<u>127,102</u>	<u>125,946</u>	<u>3,153,643</u>	<u>3,816,599</u>
Noncurrent Liabilities:								
Claims Liabilities	-	-	-	-	-	-	7,575,544	7,575,544
Total Noncurrent Liabilities	-	-	-	-	-	-	<u>7,575,544</u>	<u>7,575,544</u>
Total Liabilities	<u>\$ 87,020</u>	<u>\$ 199,374</u>	<u>\$ 102,374</u>	<u>\$ 21,140</u>	<u>\$ 127,102</u>	<u>\$ 125,946</u>	<u>\$ 10,729,187</u>	<u>\$ 11,392,143</u>
NET ASSETS								
Invested in Capital Assets,								
Net of Related Debt	\$ -	\$ 1,626,646	\$ -	\$ -	\$ 230,441	\$ 7,254,083	\$ -	\$ 9,111,170
Unrestricted (Deficit)	60,062	(187,670)	39,090	6,361	537,055	3,174,036	1,993,506	5,622,440
Total Net Assets	<u>\$ 60,062</u>	<u>\$ 1,438,976</u>	<u>\$ 39,090</u>	<u>\$ 6,361</u>	<u>\$ 767,496</u>	<u>\$ 10,428,119</u>	<u>\$ 1,993,506</u>	<u>\$ 14,733,610</u>

COUNTY OF LOUDOUN, VIRGINIA
STATEMENT OF CHANGES IN PROPRIETARY NET ASSETS
AS OF JUNE 30, 2002

	Central Service Funds						Self	
	Duplicating	Telephone	Mail	Support	Vehicle Maintenance	Vehicle Replacement	Insurance	Total
Operating Revenues:								
Charges for services	\$ 492,157	\$ 1,105,938	\$ 445,964	\$ 632,003	\$ 4,672,302	\$ 3,450,162	\$ 36,140,882	\$ 46,939,408
Use of property	38,740	65,171	-	-	9,009	-	-	112,920
Total Operating Revenues	<u>530,897</u>	<u>1,171,109</u>	<u>445,964</u>	<u>632,003</u>	<u>4,681,311</u>	<u>3,450,162</u>	<u>36,140,882</u>	<u>47,052,328</u>
Operating Expenses:								
Claims	-	-	-	-	-	-	31,145,930	31,145,930
Personnel services	-	41	-	528,761	1,480,131	-	48,238	2,057,171
Other services and charges	445,724	543,686	13,061	57,099	678,417	91,584	8,120,740	9,950,311
Materials and supplies	77,145	10,237	435,073	7,140	2,254,058	71,128	-	2,854,781
Depreciation	-	477,608	-	-	27,410	2,270,823	-	2,775,841
Total Operating Expenses	<u>522,869</u>	<u>1,031,572</u>	<u>448,134</u>	<u>593,000</u>	<u>4,440,016</u>	<u>2,433,535</u>	<u>39,314,908</u>	<u>48,784,034</u>
Operating income (loss)	8,028	139,537	(2,170)	39,003	241,295	1,016,627	(3,174,026)	(1,731,706)
Non-Operating Revenues:								
Gain on Sale of Fixed Assets	150	-	-	-	-	90,609	-	90,759
Total Non-Operating Revenues	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,609</u>	<u>-</u>	<u>90,759</u>
Net Income (Loss) Before Operating Transfers	<u>8,178</u>	<u>139,537</u>	<u>(2,170)</u>	<u>39,003</u>	<u>241,295</u>	<u>1,107,236</u>	<u>(3,174,026)</u>	<u>(1,640,947)</u>
Transfers In	-	285,966	-	-	-	1,926,875	1,736,624	3,949,465
Transfers (Out)	-	(2,000,000)	-	-	-	-	-	(2,000,000)
	<u>-</u>	<u>(1,714,034)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,926,875</u>	<u>1,736,624</u>	<u>1,949,465</u>
Change in Net Assets	8,178	(1,574,497)	(2,170)	39,003	241,295	3,034,111	(1,437,402)	308,518
Net Assets at Beginning of Year	51,884	3,013,473	41,260	(32,642)	526,201	7,394,008	3,430,908	14,425,092
Net Assets at End of Year	<u>\$ 60,062</u>	<u>\$ 1,438,976</u>	<u>\$ 39,090</u>	<u>\$ 6,361</u>	<u>\$ 767,496</u>	<u>\$ 10,428,119</u>	<u>\$ 1,993,506</u>	<u>\$ 14,733,610</u>

Fiduciary Funds

Trust and Agency Funds are used to account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Trust Funds

Peabody Trust Fund - This fund is used to account for monies provided through a private donor, the corpus of which is nonexpendable. The interest earned on fund assets may be used only for school expenses.

Special Welfare Trust Fund - This fund is used to account for monies provided through the State and from private donors, restricted to use for emergency welfare purposes.

Senior Center Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for the senior center.

War Memorial Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to the use for the maintenance and improvement of the Vietnam Memorial.

Environmental Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to the use for environmentally sensitive purposes.

Beautification Trust Fund - This fund is used to account for monies provided by private donors and other miscellaneous sources, restricted to use for the planting of trees on the Route 15 bypass.

Adult Detention Center (ADC) Inmate Trust Fund - This fund is used to account for monies held by inmates of the County's ADC at the time of incarceration.

Agency Funds

Performance Bond Fund - This fund is used to account for monies received from and returned to individuals and businesses who are required to have a performance bond for development. The County acts as an agent to hold the monies until performance is rendered.

Employee Benefits Distribution Fund - This fund is used to account for employee withholdings, employer contributions and payments made for employee benefits.

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENT OF PRIVATE PURPOSE TRUST NET ASSETS
AS OF JUNE 30, 2002

	<u>Peabody</u>	<u>Special Welfare</u>	<u>Senior Center</u>	<u>War Memorial</u>	<u>Environmental</u>	<u>Beautification</u>	<u>ADC Inmate</u>	<u>Total</u>
ASSETS								
Cash and Cash Equivalents	\$ 48,260	\$ 24,700	\$ 470	\$ 9,520	\$ 1,488	\$ 6,051	\$ 128,577	\$ 219,066
Other Assets, Net	149	-	-	-	-	-	-	149
Total Assets	<u>\$ 48,409</u>	<u>\$ 24,700</u>	<u>\$ 470</u>	<u>\$ 9,520</u>	<u>\$ 1,488</u>	<u>\$ 6,051</u>	<u>\$ 128,577</u>	<u>\$ 219,215</u>
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS								
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 48,409</u>	<u>\$ 24,700</u>	<u>\$ 470</u>	<u>\$ 9,520</u>	<u>\$ 1,488</u>	<u>\$ 6,051</u>	<u>\$ 128,577</u>	<u>\$ 219,215</u>

COUNTY OF LOUDOUN, VIRGINIA
 STATEMENT OF CHANGES IN PRIVATE PURPOSE TRUST NET ASSETS
 AS OF JUNE 30, 2002

	<u>Peabody</u>	<u>Special Welfare</u>	<u>Senior Center</u>	<u>War Memorial</u>	<u>Environmental</u>	<u>Beautification</u>	<u>ADC Inmate</u>	<u>Total</u>
ADDITIONS								
Contributions:								
Gifts and Donations	\$ -	\$ 91,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,303
Total Contributions	<u>-</u>	<u>91,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,303</u>
Investment Earnings:								
Interest	714	-	-	251	-	168	-	1,133
Total Investment Earnings	<u>714</u>	<u>-</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>168</u>	<u>-</u>	<u>1,133</u>
Total Additions	<u>714</u>	<u>91,303</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>168</u>	<u>-</u>	<u>92,436</u>
DEDUCTIONS								
Administrative Expense	2,100	85,556	-	-	-	1,418	-	89,074
Total Deductions	<u>2,100</u>	<u>85,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,418</u>	<u>-</u>	<u>89,074</u>
Change in Net Assets	<u>(1,386)</u>	<u>5,747</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>(1,250)</u>	<u>-</u>	<u>3,362</u>
Net Assets at Beginning of Year	<u>49,795</u>	<u>18,953</u>	<u>470</u>	<u>9,269</u>	<u>1,488</u>	<u>7,301</u>	<u>128,577</u>	<u>215,853</u>
Net Assets at End of Year	<u>\$ 48,409</u>	<u>\$ 24,700</u>	<u>\$ 470</u>	<u>\$ 9,520</u>	<u>\$ 1,488</u>	<u>\$ 6,051</u>	<u>\$ 128,577</u>	<u>\$ 219,215</u>

COUNTY OF LOUDOUN, VIRGINIA
 COMBINING STATEMENT OF AGENCY NET ASSETS
 AS OF JUNE 30, 2002

	Performance Bonds	Employee Benefits Distribution	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,741,596	\$ 6,931,908	\$ 14,673,504
Total Assets	<u>\$ 7,741,596</u>	<u>\$ 6,931,908</u>	<u>\$ 14,673,504</u>
LIABILITIES			
Accounts Payable and Others	\$ 7,741,596	\$ 6,931,908	\$ 14,673,504
Total Liabilities	<u>\$ 7,741,596</u>	<u>\$ 6,931,908</u>	<u>\$ 14,673,504</u>

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
<u>Performance Bond Fund</u>				
Assets:				
Cash and Temporary Investments	\$ 8,910,919	\$ 2,375,168	\$ 3,544,491	\$ 7,741,596
Total Assets	<u>\$ 8,910,919</u>	<u>\$ 2,375,168</u>	<u>\$ 3,544,491</u>	<u>\$ 7,741,596</u>
Liabilities:				
Accounts Payable	\$ 258,619	\$ 2,609,162	\$ 2,463,540	\$ 112,997
Collections Held in Trust	8,652,300	3,218,773	2,195,072	7,628,599
Total Liabilities	<u>\$ 8,910,919</u>	<u>\$ 5,827,935</u>	<u>\$ 4,658,612</u>	<u>\$ 7,741,596</u>
 <u>Employee Benefits Distribution Fund</u>				
Assets:				
Cash and Temporary Investments	\$ 6,819,724	\$ 141,360,598	\$ 141,248,414	\$ 6,931,908
Accounts Receivable	328	-	328	-
Total Assets	<u>\$ 6,820,052</u>	<u>\$ 141,360,598</u>	<u>\$ 141,248,742</u>	<u>\$ 6,931,908</u>
Liabilities:				
Accounts Payable	\$ 6,820,052	\$ 170,256,889	\$ 170,368,745	\$ 6,931,908
Total Liabilities	<u>\$ 6,820,052</u>	<u>\$ 170,256,889</u>	<u>\$ 170,368,745</u>	<u>\$ 6,931,908</u>
 <u>Totals - All Agency Funds</u>				
Assets:				
Cash and Temporary Investments	\$ 15,730,643	\$ 143,735,766	\$ 144,792,905	\$ 14,673,504
Accounts Receivable	328	-	328	-
Total Assets	<u>\$ 15,730,971</u>	<u>\$ 143,735,766</u>	<u>\$ 144,793,233</u>	<u>\$ 14,673,504</u>
Liabilities:				
Accounts Payable	\$ 7,078,671	\$ 172,866,051	\$ 172,832,285	\$ 7,044,905
Collections Held in Trust	8,652,300	3,218,773	2,195,072	7,628,599
Total Liabilities	<u>\$ 15,730,971</u>	<u>\$ 176,084,824</u>	<u>\$ 175,027,357</u>	<u>\$ 14,673,504</u>

Component Unit - School Board Funds

Operating Fund - This fund is used to account for the general operations of the County's school system. Financing is provided primarily by transfers from the primary government and State and Federal grants to be used for education purposes only.

Capital Projects Fund - This fund is used to account for the purchase and/or construction of major capital facilities, including buildings, land, major equipment and other long-lived improvements for the school system. Financing is provided primarily by bond issues, State and Federal grants and transfers from the primary government.

Capital Asset Replacement Fund - This fund is used to account for the repair and/or replacement of major capital facilities, including buildings, major equipment and other long-lived improvements for the school system. Financing is provided primarily by transfers from the primary government.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs of the school system. Financing is provided primarily by transfers from the primary government.

**COUNTY OF LOUDOUN, VIRGINIA
BALANCE SHEET
COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2002**

	Operating	Capital Projects	Capital Asset Replacement	Debt Service	Total School Board
ASSETS					
Cash and Cash Equivalents	\$ 13,273,182	\$ -	\$ 3,566,529	\$ 155,494	\$ 16,995,205
Cash and Investments with Fiscal Agents	35,695	8,211,302	1,526,550	-	9,773,547
Receivables, Net:					
Accounts	477,727	-	-	-	477,727
Receivables from Other Governments	5,167,995	-	-	-	5,167,995
Due from Other Funds	19,483,115	-	-	-	19,483,115
Inventory of Supplies	261,103	-	-	-	261,103
Prepaid Items	52,655	-	-	-	52,655
Total Assets	\$ 38,751,472	\$ 8,211,302	\$ 5,093,079	\$ 155,494	\$ 52,211,347
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,580,249	\$ 15,995,033	\$ 313,912	\$ 264	\$ 18,889,458
Accrued Liabilities	26,809,620	3,589	-	-	26,813,209
Deferred Revenue	464,536	-	-	-	464,536
Due to Other Funds	-	19,443,176	-	39,939	19,483,115
Other Liabilities	3,729	-	-	-	3,729
Total Liabilities	29,858,134	35,441,798	313,912	40,203	65,654,047
Fund Balances:					
Reserved for:					
Prepaid Items	52,655	-	-	-	52,655
Encumbrances	1,588,628	55,905,070	1,498,000	-	58,991,698
Unreserved, reported in:					
Operating:					
Designated for Fiscal Cash Liquidity	5,000,000	-	-	-	5,000,000
Designated for Cafeterial Sales	282,109	-	-	-	282,109
Undesignated	1,969,946	-	-	-	1,969,946
Capital Projects Funds:					
Undesignated	-	(83,135,566)	-	-	(83,135,566)
Capital Assets Funds:					
Undesignated	-	-	3,281,167	-	3,281,167
Debt Service Fund:					
Designated for Future Debt Service	-	-	-	115,291	115,291
Total Fund Balances	8,893,338	(27,230,496)	4,779,167	115,291	(13,442,700)
Total Liabilities and Fund Balances	\$ 38,751,472	\$ 8,211,302	\$ 5,093,079	\$ 155,494	\$ 52,211,347

COUNTY OF LOUDOUN, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2002

	<u>Operating</u>	<u>Capital Projects</u>	<u>Capital Asset Replacement</u>	<u>Debt Service</u>	<u>Total School Board</u>
REVENUES					
Intergovernmental	\$ 80,225,869	\$ -	\$ -	\$ -	\$ 80,225,869
Charges for Services	7,817,846	-	-	-	7,817,846
Use of Money and Property	297,142	-	-	-	297,142
Recovered Costs	652,983	-	-	-	652,983
Gifts and Donations	404	-	-	-	404
Miscellaneous	276,613	-	15,342	-	291,955
Total Revenues	<u>89,270,857</u>	<u>-</u>	<u>15,342</u>	<u>-</u>	<u>89,286,199</u>
EXPENDITURES					
Current Operating:					
Education	304,022,536	268,303	5,265,932	-	309,556,771
Capital Outlay	-	122,262,331	119,666	-	122,381,997
Debt service:					
Principal Payments	-	-	-	3,791,660	3,791,660
Interest and Service Charges	-	-	-	397,393	397,393
Total Expenditures	<u>304,022,536</u>	<u>122,530,634</u>	<u>5,385,598</u>	<u>4,189,053</u>	<u>436,127,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(214,751,679)</u>	<u>(122,530,634)</u>	<u>(5,370,256)</u>	<u>(4,189,053)</u>	<u>(346,841,622)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In-Primary Government	211,451,391	70,384,985	8,629,500	3,642,155	294,108,031
Operating Transfers Out-Primary Government	(1,307,374)	-	-	-	(1,307,374)
Lease/Purchase Financing	5,350,000	-	-	-	5,350,000
Total Other Financing Sources (Uses)	<u>215,494,017</u>	<u>70,384,985</u>	<u>8,629,500</u>	<u>3,642,155</u>	<u>298,150,657</u>
EXTRAORDINARY ITEM					
Insurance Recoveries for Fire Damage	-	2,210,417	-	-	2,210,417
Net Change in Fund Balances	<u>742,338</u>	<u>(49,935,232)</u>	<u>3,259,244</u>	<u>(546,898)</u>	<u>(46,480,548)</u>
Fund Balances at Beginning of Year	<u>8,151,000</u>	<u>22,704,736</u>	<u>1,519,923</u>	<u>662,189</u>	<u>33,037,848</u>
Fund Balances at End of Year	<u>\$ 8,893,338</u>	<u>\$ (27,230,496)</u>	<u>\$ 4,779,167</u>	<u>\$ 115,291</u>	<u>\$ (13,442,700)</u>

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the estimated useful lives.

COUNTY OF LOUDOUN, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCES ⁽¹⁾
 AT JUNE 30, 2002

GENERAL FIXED ASSETS

Land	\$ 64,372,737
Buildings	85,889,272
Improvements Other Than Buildings	12,019,995
Equipment	57,362,973
Construction in Progress	35,375,107
Total Current Assets	<u>255,020,084</u>
Less Accumulated Depreciation	(50,203,630)
Net Capital Assets	<u><u>\$ 204,816,454</u></u>

INVESTMENTS IN GENERAL FIXED ASSETS

General Fund	\$ 150,401,646
Special Revenue Fund	13,505,179
Capital Projects Fund	43,670,875
Donations	27,385,702
Internal Service Fund	20,056,683
Total Investments in General Fixed Assets	<u>255,020,084</u>
Less Accumulated Depreciation	(50,203,630)
Net Capital Assets	<u><u>\$ 204,816,454</u></u>

(1) Capital assets include fixed assets for the governmental activities.

COUNTY OF LOUDOUN, VIRGINIA
SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY ⁽¹⁾
AS OF JUNE 30, 2002

Function and Program	Land	Improvements other than Buildings	Buildings	Machinery and Equipment	Total
General Government Administration:					
Legislative	\$ 54,039	\$ -	\$ 1,046,922	\$ 5,752	\$ 1,106,713
General and Financial Administration	15,673,773	-	33,717,636	31,895,056	81,286,465
Elections Administration	-	-	-	286,836	286,836
Total General Government	15,727,812	-	34,764,558	32,187,644	82,680,014
Judicial Administration:					
Courts	398,112	-	1,038,160	665,494	2,101,766
Sheriff	-	-	-	14,553	14,553
Commonwealth's Attorney	-	-	-	28,891	28,891
Total judicial Administration	398,112	-	1,038,160	708,938	2,145,210
Public Safety:					
Law Enforcement and Traffic Control	15,639	-	5,841	6,985,098	7,006,578
Fire and Rescue Services	42,459	-	4,284,648	7,637,829	11,964,936
Corrections and Detention	264,996	5,675	5,076,678	350,476	5,697,825
Inspections	-	-	-	77,022	77,022
Other Protection	17,637	-	1,784,607	64,943	1,867,187
Total Public Safety	340,731	5,675	11,151,774	15,115,368	26,613,548
Public Works:					
Sanitation and Waste Removal	16,658,471	12,170	1,131,728	2,393,248	20,195,617
Maintenance of General Building and Ground	3,336	-	1,674,293	305,548	1,983,177
Total public Works	16,661,807	12,170	2,806,021	2,698,796	22,178,794
Health and Welfare:					
Health	-	-	-	67,985	67,985
Mental Health and Mental Retardation	549,387	26,788	2,215,247	216,155	3,007,577
Welfare and Social Services	2,552,143	-	13,491,690	920,202	16,964,035
Total Health and Welfare	3,101,530	26,788	15,706,937	1,204,342	20,039,597
Parks, Recreation and Culture:					
Parks and Recreation	7,156,745	11,975,362	5,314,815	2,099,202	26,546,124
Library	3,689,234	-	13,875,371	1,711,068	19,275,673
Total Parks, Recreation and Culture	10,845,979	11,975,362	19,190,186	3,810,270	45,821,797
Community Development:					
Planning, Community Development and Economic Development	7,073,780	-	1,226,636	1,410,380	9,710,796
Environmental Management	-	-	-	51,785	51,785
Cooperative Extension Program	-	-	-	3,021	3,021
Total Community Development	7,073,780	-	1,226,636	1,465,186	9,765,602
Miscellaneous:					
Miscellaneous	10,222,986	-	5,000	172,429	10,400,415
Total Miscellaneous	10,222,986	-	5,000	172,429	10,400,415
Total Capital Assets Allocation to Function	64,372,737	12,019,995	85,889,272	57,362,973	219,644,977
Less Accumulated Depreciation	-	(3,943,068)	(16,609,601)	(29,650,961)	(50,203,630)
Total	\$ 64,372,737	\$ 8,076,927	\$ 69,279,671	\$ 27,712,012	169,441,347
Contruction in Progress					35,375,107
Total Capital Assets					\$ 204,816,454

(1) Capital assets includes fixed assets for the governmental activities.

COUNTY OF LOUDOUN, VIRGINIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY ⁽¹⁾
YEAR ENDED JUNE 30, 2002

Function and Program	Fixed Assets July 1, 2001	Additions	Deductions	Transfers In / (Out)	Fixed Assets June 30, 2002
General Government Administration:					
Legislative	\$ 1,106,713	\$ -	\$ -	\$ -	\$ 1,106,713
General and Financial Administration	75,353,868	6,562,167	633,514	3,944	81,286,465
Elections Administration	286,836	-	-	-	286,836
Total General Government	76,747,417	6,562,167	633,514	3,944	82,680,014
Judicial Administration:					
Courts	1,897,312	233,791	29,337	-	2,101,766
Sheriff	14,553	-	-	-	14,553
Commonwealth's Attorney	27,307	1,584	-	-	28,891
Total Judicial Administration	1,939,172	235,375	29,337	-	2,145,210
Public Safety:					
Law Enforcement and Traffic Control	4,162,208	2,857,693	13,323	-	7,006,578
Fire and Rescue Services	9,761,641	2,216,679	27,886	14,502	11,964,936
Corrections and Detention	5,612,851	84,974	-	-	5,697,825
Inspections	83,069	3,242	9,289	-	77,022
Other Protection	1,850,836	16,351	-	-	1,867,187
Total Public Safety	21,470,605	5,178,939	50,498	14,502	26,613,548
Public Works:					
Sanitation and Waste Removal	20,284,146	56,274	193,313	48,510	20,195,617
Maintenance of General Building and Ground	1,923,397	49,866	-	9,914	1,983,177
Total public Works	22,207,543	106,140	193,313	58,424	22,178,794
Health and Welfare:					
Health	38,542	29,443	-	-	67,985
Mental Health and Mental Retardation	2,981,051	45,217	18,691	-	3,007,577
Welfare and Social Services	16,974,587	3,089	13,641	-	16,964,035
Total Health and Welfare	19,994,180	77,749	32,332	-	20,039,597
Parks, Recreation and Culture:					
Parks and Recreation	25,458,126	315,796	-	772,202	26,546,124
Library	19,156,630	129,948	19,176	8,271	19,275,673
Total Parks, Recreation and Culture	44,614,756	445,744	19,176	780,473	45,821,797
Community Development:					
Planning, Community Development and Economic Development	9,593,321	117,475	-	-	9,710,796
Environmental Management	60,582	8,192	16,989	-	51,785
Cooperative Extension Program	3,021	-	-	-	3,021
Total Community Development	9,656,924	125,667	16,989	-	9,765,602
Miscellaneous:					
Miscellaneous	9,794,507	1,463,251	-	(857,343)	10,400,415
Total Miscellaneous	9,794,507	1,463,251	-	(857,343)	10,400,415
Total Capital Assets Allocation to Function	206,425,104	14,195,032	975,159	-	219,644,977
Contruction in Progress	29,059,186	6,315,921	-	-	35,375,107
Total	235,484,290	20,510,953	975,159	-	255,020,084
Less Accumulated Depreciation	(42,382,558)	(8,608,154)	(787,082)	-	(50,203,630)
Net Capital Assets	\$ 193,101,732	\$ 11,902,799	\$ 188,077	\$ -	\$ 204,816,454

(1) Capital assets includes fixed assets for the governmental activities.

COMPLIANCE SECTION

Report of Independent Public Accountants On Compliance and on Internal Control Over Financial Reporting

Honorable Members
of the Board of Supervisors
County of Loudoun, Virginia

We have audited the financial statements of the County of Loudoun, Virginia (the County) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, County management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 25, 2002

Report of Independent Public Accountants
On Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with
OMB Circular A-133

Honorable Members
of the Board of Supervisors
County of Loudoun, Virginia

Compliance

We have audited the compliance of the County of Loudoun, Virginia (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Loudoun, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, County management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 25, 2002

**COUNTY OF LOUDOUN, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Federal Catalog Number	Total Federal Expenditures
<u>United States Department of Agriculture:</u>		
Pass through Payments:		
State Department for the Aging:		
Nutrition Program for the Elderly	10.570	\$ 38,339
State Department of Agriculture:		
Food Distribution		
Non-cash Commodities	10.555	358,485
State Department of Juvenile Justice:		
National School Lunch Program	10.555	26,158
State Department of Social Services:		
Matching Grants for Food Stamp Program	10.561	526,236
State Department of Education:		
School Breakfast Program	10.553	60,424
National School Lunch Program	10.555	1,240,064
Special Milk Program for Children	10.556	67,427
Total United States Department of Agriculture		2,317,133
<u>United States Department of Housing and Urban Development:</u>		
Direct Payments:		
Transitional Housing Assistance	14.235	162,104
Section 8 - Housing Assistance Payments	14.856	6,108
Section 8 - Housing Assistance Payments	14.871	5,416,077
Pass through Payments:		
Virginia Housing Development Authority:		
Community Development Block Grant	14.228	-
Section 8 - Housing Assistance Payments	14.871	40,668
State Department of Housing and Community Development		
Emergency Shelter	14.231	32,236
Home Investment Partnerships Program	14.239	900
Northern Virginia Planing District Commission		
Housing Opportunities for Persons With Aids	14.241	63,224
Total United States Department of Housing and Urban Development		5,721,317
<u>United States Department of Justice:</u>		
Direct Payments:		
LLE Block Grant	16.596	27,166
Public Safety Partnership and Community Policing Grants	16.710	61,875
Pass through Payments:		
State Department of Criminal Justice Services:		
Juvenile Accountability Incentive Block Grant	16.523	23,690
Juvenile Justice and Delinquency Prevention	16.540	128,344
Drug Control and System Improvement	16.579	54,630
Violence Against Women	16.588	28,512
Total United States Department of Justice		324,217
<u>United States Department of Labor:</u>		
Pass through Payments:		
State Department for the Aging:		
Senior Community Service Employment Program	17.235	12,268
State Department of Education:		
School -To-Work Transition Program	17.249	215,250
Northern Virginia Manpower Consortium:		
Jobs Training Partnership Act	17.250	10,876
Total United States Department of Labor		238,394

**COUNTY OF LOUDOUN, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Federal Catalog Number	Total Federal Expenditures
<u>United States Department of Transportation, Federal</u>		
<u>Highway Administration:</u>		
Pass through Payments:		
State Department of Transportation:		
Highway Planning and Construction	20.205	177,485
State Department of Motor Vehicles:		
State and Community Highway Safety	20.600	117,786
0.08 Traffic Enforcement	20.605	(94)
Total United States Department of Transportation		<u>295,177</u>
<u>National Endowment of Humanities:</u>		
Direct Payments:		
Promotion of the Humanities	45.164	-
Total National Endowment of Humanities		<u>-</u>
<u>United States Institute of Museum and Library Services:</u>		
Pass through Payments:		
The Library of Virginia		
Public Library Construction and Technology Enhancement	45.310	900
Total United States Institute of Museum and Library Services		<u>900</u>
<u>Federal Emergency Management Agency</u>		
Pass through Payments:		
State Department of Mental Health and Mental Retardation:		
Crisis Counseling ISP	83.516	61,564
MH needs Assessment Grant	83.534	4,580
County of Arlington:		
September 11 Disaster Relief Grant	83.544	86,020
State Department of Emergency Services		
Emergency Management Preparedness Grant	83.552	22,073
Disaster Relief Public Assistance	83.544	-
Total Federal Emergency Management Agency		<u>174,237</u>
<u>United States Department of Education:</u>		
Direct Payments:		
Impacted Aid	84.041	70,726
Pass through Payments:		
State Department of Mental Health and Mental Retardation:		
Handicapped Infants and Toddlers	84.181	105,581
State Department of Education:		
Adult Education-State Administered Program	84.002	91,703
Educationally Deprived Children-Local Education Agencies	84.010	807,115
Special Education - Grants to State	84.027	2,921,269
Vocational Education-Consumer and Homemaking	84.048	210,100
Special Education - Preschool	84.173	160,452
Safe and Drug Free Schools and Communities	84.184	25,000
Drug-Free Schools and Communities	84.186	130,328
Goals 2000	84.276	-
Eisenhower Professional Development State Grant	84.281	94,420
Innovative Education Program Strategies	84.298	104,955
Literacy Challenge Grant	84.318	54,700
Title VI -Class Size Reduction	84.340	267,284
Total United States Department of Education		<u>5,043,633</u>
<u>Consumer Product Safety Commission:</u>		
Direct Payments:		
Product Safety Testing	87.RD	8,953
Total Consumer Product Safety Commission		<u>8,953</u>

**COUNTY OF LOUDOUN, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Health and Human Services:</u>		
Direct Payments:		
Head Start	93.600	771,747
Administration for Children, Youth and Families	93.623	21,295
Pass through Payments:		
State Department of Mental Health and Mental Retardation:		
Public Health and Social Services Emergency Fund	93.003	7,233
Projects for Assistance in Transition from Homeless (PATH)	93.150	24,507
Community Mental Health Services	93.958	13,907
Prevention and Treatment of Drug Abuse	93.959	451,742
Mental Health Disaster Assistance and Emergency	93.982	33,154
State Department for the Aging:		
Special Programs for the Aging Title VII Chapter 3 for Prevention of Elder Abuse, Neglect	93.041	662
Special Programs for the Aging-Title III, Part F	93.043	5,482
Special Programs for the Aging-Title III, Parts A and Grants for Supportive Services and Senior Centers	93.044	46,265
Title III, Part C-Nutrition Services	93.045	53,078
National Family Caregiver Support	93.052	21,244
Adoption Incentive Payments	93.603	2,657
Home Care Financing Research	93.779	5,142
State Department of Social Services:		
Foster Care-Title IV-E	93.658	981,785
Adoption Assistance	93.659	92,719
Child Care and Development	93.596	697,096
Promoting Safe and Stable Families	93.556	33,524
Child Care Assistance	93.575	874,103
Social Services Block Grant (Includes General Administration, Purchased Services, Day Care and Preplacement/F.C)	93.667	368,491
Low-Income Home Energy Assistance Refugee and Entrant Assistance	93.568	4,789
State Administered Program	93.566	8,568
Independent Living	93.674	2,162
State Children's Insurance Program	93.767	3,171
Medicaid Assistance	93.778	299,890
Temporary Assistance to Needy Families	93.558	359,364
State Department of Housing and Community Development:		
Child Care and Development Block Grant-Child Care for Homeless Children	93.575	560
Total United States Department of Health and Human Services		<u>5,184,337</u>
<u>United States - Corporation for National and Community Service</u>		
Direct Payments:		
Retired Seniors' Volunteer Program	94.002	28,687
Total United States - Corporation for National and Community Service		<u>28,687</u>
Total		<u><u>\$ 19,336,985</u></u>

County of Loudoun, Virginia

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

1. Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of the County of Loudoun, Virginia, (the County) are included in the scope of the U.S. Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the *OMB Circular A-133 Compliance Supplement* (Revised March 2001, the Compliance Supplement).

Compliance testing of the applicable federal programs was performed of the County's adherence to the following requirements, as described in the Compliance Supplement, for the Single Audit of the year ended June 30, 2002.

- Activities Allowed or Unallowed
- Allowable Costs/Cost Principles
- Cash Management
- Davis-Bacon Act
- Eligibility
- Equipment and Real Property Management
- Matching, Level of Effort, Earmarking
- Period of Availability of Federal Funds
- Procurement and Suspension and Debarment
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests and Provisions

The County qualified as a low risk auditee as defined in the Compliance Supplement. As a result, the scope of the Single Audit included the following major programs:

Section 8—Housing Assistance Payments	14.871
Special Education—Grants to State	84.027
Special Education—Preschool	84.173
Child Care and Development	93.596
Child Care Assistance	93.575

County of Loudoun, Virginia

Notes to the Schedule of Expenditures of Federal Awards (continued)

1. Scope of Audit Pursuant to OMB Circular A-133 (continued)

Expenditure for these programs totaled \$10,068,997 (or approximately 52% of total federal expenditure), which exceeds the 25% of total federal expenditure threshold, providing sufficient testing levels for the Single Audit of the year ended June 30, 2002.

The Department of Health and Human Services is the County's oversight agency for the Single Audit.

2. Fiscal Period Audited

Single Audit testing procedures were performed for selected federal program transactions occurring during the fiscal year ended June 30, 2002.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all federal grants to the County that had expenditure activity during the year ended June 30, 2002. This schedule has been prepared on the modified accrual basis of accounting. Grant revenues and expenditures are recorded for financial reporting purposes when the County has met the qualifications for the respective grants. Several programs are funded jointly by Commonwealth of Virginia appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they apply to the grant. Grant revenues are equivalent to grant expenditures.

4. Findings of Noncompliance and Audit Results

There were no findings of potential noncompliance identified in connection with the Single Audit for the year ended June 30, 2002. The summary of auditor's results is included in Schedule I.

County of Loudoun, Virginia

Schedule I—Schedule of Current-Year Findings and Questioned Costs

Summary of Auditor's Results

We have audited the general-purpose financial statements of the County of Loudoun, Virginia (the County), as of and for the year ended June 30, 2002, and have issued an unqualified opinion thereon dated October 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* (1999 Revision), issued by the Comptroller General of the United States.

Our audit did not disclose matters of noncompliance that would be considered material to the financial statements of the County, nor did our audit identify material weaknesses in internal controls.

We also issued an unqualified opinion dated October 25, 2002, on the County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* (Revised March 2001) that are applicable to its major federal programs for the year ended June 30, 2002. The results of our auditing procedures did not disclose instances of noncompliance with those requirements that are required to be reported in accordance with *OMB Circular A-133*.

The Type A programs tested as major federal programs are as follows:

Program	CFDA No.
Section 8—Housing Assistance Payments	14.871
Special Education—Grants to State	84.027
Special Education—Preschool	84.173
Child Care and Development	93.596
Child Care Assistance	93.575

For the June 30, 2002, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$580,110. The programs listed above were the high risk Type A programs and were therefore tested in this audit. All other Type A programs were determined to be low risk and thus, none were selected for testing. Additionally, no Type B programs were determined to be high risk and thus, none were selected for testing. As discussed in the accompanying notes, the County was determined to be a low risk auditee for the Single Audit of the year ended June 30, 2002, and the 25% threshold required for low risk auditees was met.

County of Loudoun, Virginia

Schedule I—Schedule of Current-Year Findings and Questioned Costs
(continued)

Findings of Noncompliance

There were no findings of noncompliance identified during the audit for the year ended June 30, 2002.

County of Loudoun, Virginia

Schedule II—Schedule of Prior-Year Findings

June 30, 2002

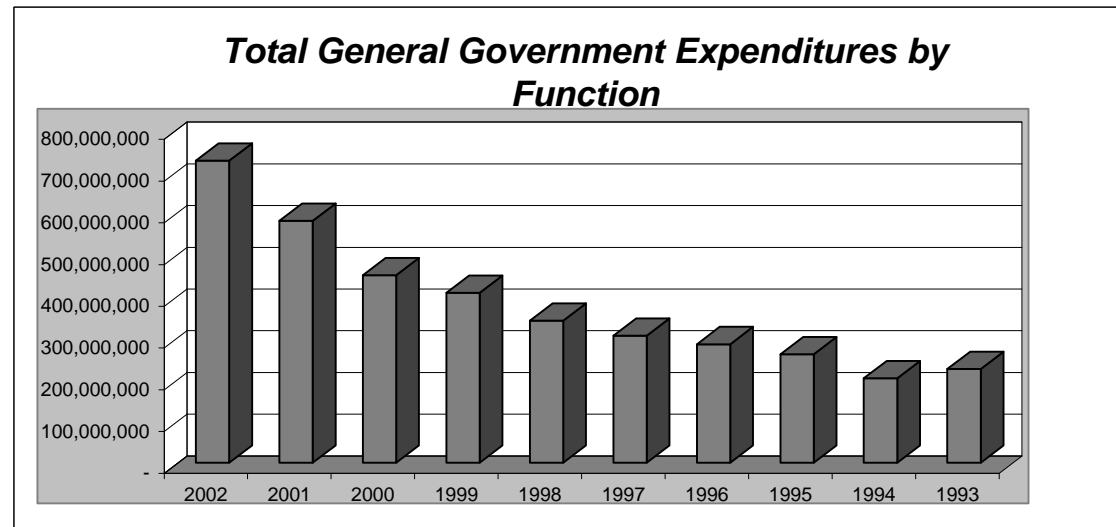
There were no findings of noncompliance identified during the audit for the year ended June 30, 2001.

STATISTICAL SECTION

TABLE A

COUNTY OF LOUDOUN, VIRGINIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) (2)
LAST TEN FISCAL YEARS

FUNCTION	⁽³⁾ 2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
General government administration	\$ 31,881,582	\$ 27,648,372	\$ 24,241,248	\$ 20,744,764	\$ 19,013,366	\$ 18,720,364	\$ 15,615,157	\$ 15,600,985	\$ 14,918,112	\$ 13,725,483
Judicial administration	6,697,319	5,288,117	4,438,785	4,341,648	3,782,771	3,466,192	3,002,930	2,662,484	2,606,712	2,609,475
Public safety	61,004,791	45,425,236	36,279,690	29,871,952	27,171,444	25,377,526	22,483,761	20,052,202	18,710,239	18,097,627
Public works	24,445,546	12,221,838	9,378,437	7,819,186	6,198,388	8,524,395	6,801,397	7,267,244	5,667,413	5,575,586
Health and welfare	52,396,932	38,725,515	31,847,435	27,666,110	26,219,142	24,219,079	22,145,605	20,249,676	19,422,114	17,502,318
Education	309,729,474	254,219,073	212,459,950	186,532,501	165,075,150	141,585,782	118,874,496	109,911,627	96,200,465	95,947,561
Parks, recreation and cultural development	26,069,011	21,126,419	16,340,004	14,195,196	12,339,831	10,038,901	9,034,008	8,110,352	7,831,048	7,897,090
Community development	21,362,009	15,405,328	10,913,550	10,355,101	8,907,896	7,369,562	8,359,120	7,539,633	7,550,333	7,807,284
Capital Projects	136,205,066	117,596,093	69,886,618	78,322,033	49,068,831	44,491,651	59,659,033	54,676,974	16,936,202	10,032,896
Debt service	53,843,624	41,876,234	33,400,618	27,203,200	22,230,447	20,670,636	17,912,168	13,727,955	12,226,515	45,381,422
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 723,635,354	\$ 579,532,225	\$ 449,186,335	\$ 407,051,691	\$ 340,007,266	\$ 304,464,088	\$ 283,887,675	\$ 259,799,132	\$ 202,069,153	\$ 224,576,742



(1) Includes Governmental Funds only

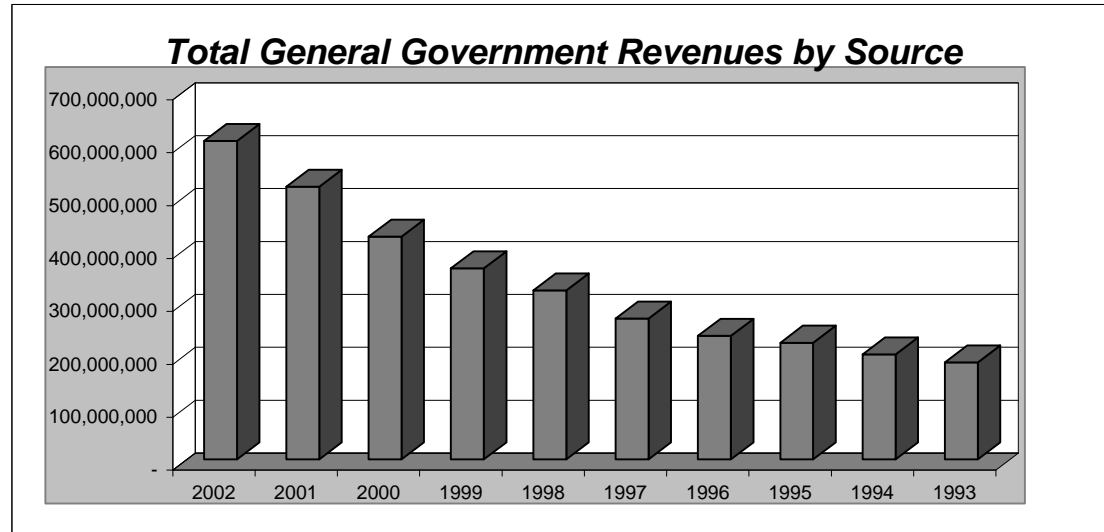
(2) Includes Primary Governmental and Component Unit

(3) Expenditures include \$5,685,894 due to reclassification of seven Fiduciary funds to Special Revenue funds in accordance with GASB Statement No. 34

TABLE B

COUNTY OF LOUDOUN, VIRGINIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) (2)
LAST TEN FISCAL YEARS

SOURCE	(3) 2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
General property taxes	\$ 317,003,631	\$ 261,016,542	\$ 219,302,974	\$ 199,283,712	\$ 190,488,626	\$ 154,920,526	\$ 140,209,501	\$ 129,167,286	\$ 119,414,090	\$ 112,439,844
Other local taxes	68,090,506	64,359,557	51,632,959	41,337,376	34,831,429	29,938,269	26,132,406	23,251,537	21,386,532	18,761,310
Permits and licenses	11,701,399	14,519,685	13,408,218	12,387,701	8,840,742	6,804,965	6,069,271	5,462,920	5,274,541	3,810,229
Intergovernmental	157,438,837	137,535,530	108,685,362	83,552,768	63,226,514	56,588,740	45,007,518	41,142,083	38,183,107	35,102,058
Charges for services	18,174,110	15,037,511	12,266,366	10,905,627	9,331,527	7,452,331	7,568,668	8,552,037	8,395,315	8,396,411
Fines and forfeitures	1,387,677	1,546,259	1,474,405	1,420,120	1,261,250	772,352	706,344	693,543	799,655	812,540
Use of money and property	9,035,664	12,360,365	8,765,797	6,250,109	5,629,516	4,446,572	5,142,082	6,043,802	2,682,727	1,812,392
Miscellaneous	9,411,864	1,773,845	363,468	507,819	740,460	1,048,856	644,953	4,584,229	495,016	295,582
Recovered costs	740,753	6,760,979	5,156,306	5,295,772	4,923,613	4,464,698	2,320,869	1,702,009	1,840,355	1,732,952
Non-revenue receipts	8,878,736	387,289	20,220	76,100	30,175	8,400	1,150	1,150	66,636	244,682
	<u>\$ 601,863,177</u>	<u>\$ 515,297,562</u>	<u>\$ 421,076,075</u>	<u>\$ 361,017,104</u>	<u>\$ 319,303,852</u>	<u>\$ 266,445,709</u>	<u>\$ 233,802,762</u>	<u>\$ 220,600,596</u>	<u>\$ 198,537,974</u>	<u>\$ 183,408,000</u>



(1) Includes Governmental Funds only

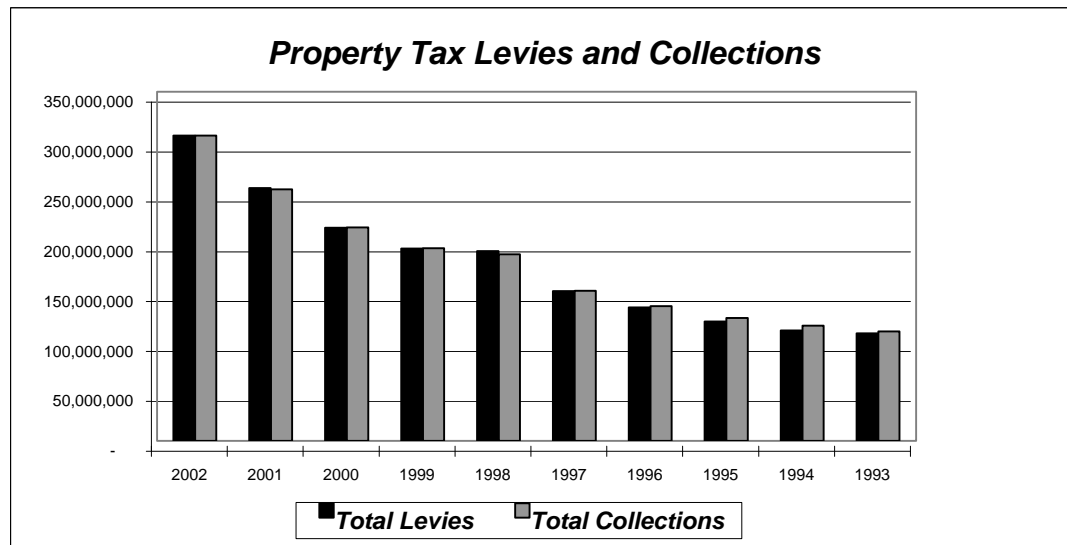
(2) Includes Primary Governmental and Component Unit

(3) Revenues include \$14,011,049 due to reclassification of seven Fiduciary funds to Special Revenue funds in accordance with GASB Statement No. 34

TABLE C

**COUNTY OF LOUDOUN, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

	2002	2001	2000	1999	(1) 1998	1997	1996	1995	1994	1993
Total tax levy (1)	\$ 305,979,201	\$ 253,494,862	\$ 213,776,378	\$ 192,945,367	\$ 190,134,622	\$ 150,087,601	\$ 133,841,243	\$ 119,643,977	\$ 110,808,382	\$ 107,730,936
Current tax collections (1)	\$ 296,144,023	\$ 244,158,657	\$ 209,359,885	\$ 186,353,341	\$ 183,655,551	\$ 146,533,024	\$ 130,671,688	\$ 116,353,827	\$ 106,856,280	\$ 101,377,480
Percent of levy collected	96.79%	96.32%	97.93%	96.58%	96.59%	97.63%	97.63%	97.25%	96.43%	94.10%
Delinquent tax collections	\$ 9,902,704	\$ 8,106,506	\$ 4,513,454	\$ 6,789,482	\$ 3,291,722	\$ 3,863,631	\$ 4,346,380	\$ 6,889,465	\$ 8,598,066	\$ 8,496,242
Total tax collections	\$ 306,046,727	\$ 252,265,163	\$ 213,873,339	\$ 193,142,823	\$ 186,947,273	\$ 150,396,655	\$ 135,018,068	\$ 123,243,292	\$ 115,454,346	\$ 109,873,722
Percent of total tax collected to taxy levy	100.02%	99.51%	100.05%	100.10%	98.32%	100.21%	100.88%	103.01%	104.19%	101.99%

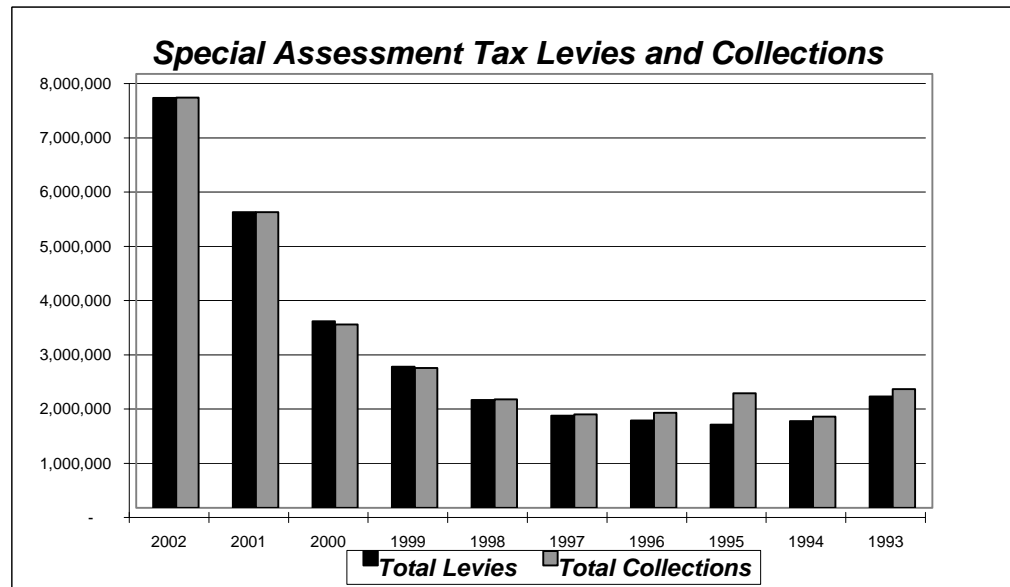


(1) Tax levy includes \$ 20,983,233 for first half of 1998 personal property tax.

TABLE D

**COUNTY OF LOUDOUN, VIRGINIA
SPECIAL ASSESSMENT PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS**

	2002	2001	2000	1999	(1) 1998	1997	1996	1995	1994	1993
Total tax levy (1)	\$ 7,558,018	\$ 5,451,097	\$ 3,440,379	\$ 2,603,110	\$ 1,991,064	\$ 1,698,037	\$ 1,613,141	\$ 1,533,540	\$ 1,597,041	\$ 2,053,601
Current tax collections (1)	\$ 7,448,034	\$ 5,382,187	\$ 3,319,722	\$ 2,541,137	\$ 1,962,597	\$ 1,683,879	\$ 1,577,984	\$ 1,432,548	\$ 1,450,386	\$ 1,855,083
Percent of levy collected	98.54%	98.74%	96.49%	97.62%	98.57%	99.17%	97.82%	93.41%	90.82%	90.33%
Delinquent tax collections	\$ 114,328	\$ 71,462	\$ 60,110	\$ 38,258	\$ 39,984	\$ 37,942	\$ 171,576	\$ 680,240	\$ 228,483	\$ 331,270
Total tax collections	\$ 7,562,362	\$ 5,453,649	\$ 3,379,832	\$ 2,579,395	\$ 2,002,581	\$ 1,721,821	\$ 1,749,560	\$ 2,112,788	\$ 1,678,869	\$ 2,186,353
Percent of total tax collected to tax levy	100.06%	100.05%	98.24%	99.09%	100.58%	101.40%	108.46%	137.77%	105.12%	106.46%

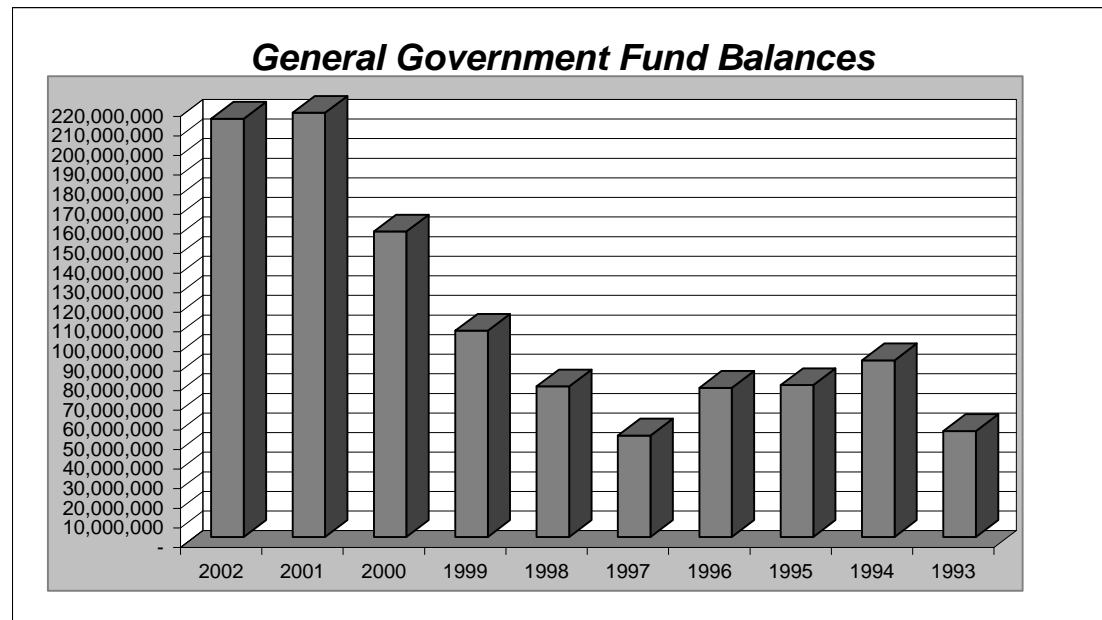


(1) Exclusive of penalties and interest.

TABLE E

COUNTY OF LOUDOUN, VIRGINIA
GENERAL GOVERNMENTAL FUND BALANCES (1) (2)
LAST TEN FISCAL YEARS

FUND BALANCE	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Reserved for:										
Prepaid expenses	\$ 478,727	\$ 163,149	\$ 156,179	\$ 1,012,583	\$ 809,754	\$ 1,356,786	\$ 49,974	\$ 38,118	\$ 1,185,322	\$ 27,680
Encumbrances	79,312,327	104,765,702	61,510,139	75,130,756	36,721,968	23,563,072	37,355,520	14,191,479	24,771,265	10,949,836
Advance to Central Service Fund	-	-	-	-	-	-	-	33,500	33,500	33,500
Noncurrent notes and loans receivable	2,077,336	2,164,774	2,855,945	2,981,887	2,918,696	1,637,682	1,348,873	-	-	-
Unreserved										
Designated for:										
Appropriations	46,984,317	39,802,378	126,123,191	34,055,632	27,241,097	5,369,047	6,661,194	20,568,130	22,823,724	9,684,023
Fiscal cash liquidity	58,771,690	51,529,699	42,660,011	36,101,711	30,049,287	26,644,318	23,530,777	21,576,642	19,555,683	18,314,840
Future debt service	12,873,323	17,767,588	10,507,365	7,479,491	4,197,489	4,197,489	5,921,139	7,091,059	3,528,690	4,581,662
Future capital projects	781,141	323,455	323,455	323,455	859,728	859,728	2,917,050	-	-	-
Cafeteria sales	282,109	577,587	437,561	731,059	890,196	827,908	839,404	975,483	1,079,246	1,145,438
Undesignated	11,846,310	(653,520)	(88,694,540)	(52,528,449)	(26,845,938)	(12,643,299)	(2,494,805)	13,013,330	17,174,357	9,360,004
	<u>\$ 213,407,280</u>	<u>\$ 216,440,812</u>	<u>\$ 155,879,306</u>	<u>\$ 105,288,125</u>	<u>\$ 76,842,277</u>	<u>\$ 51,812,731</u>	<u>\$ 76,129,126</u>	<u>\$ 77,487,741</u>	<u>\$ 90,151,787</u>	<u>\$ 54,096,983</u>



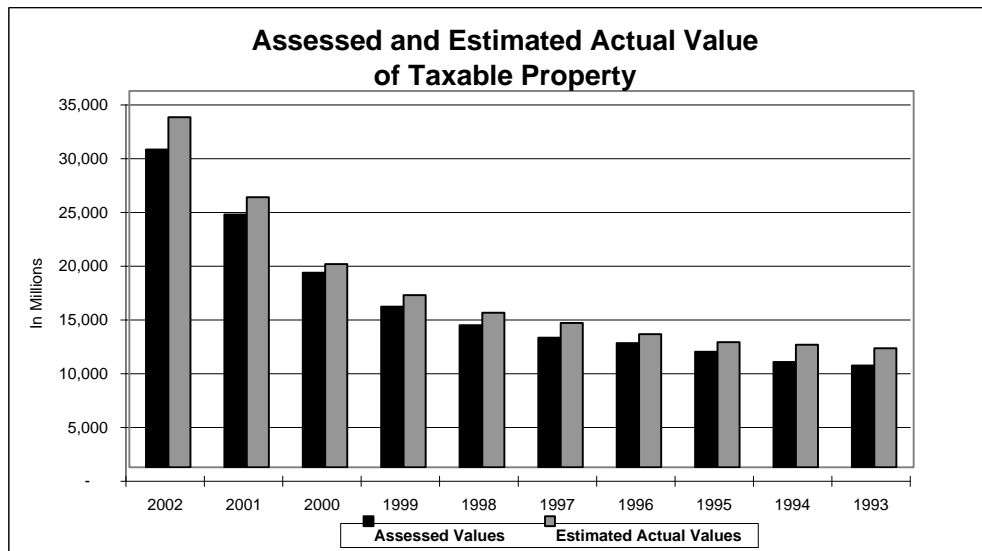
(1) Includes Governmental Funds only

(2) Includes Primary Governmental and Component Unit

TABLE F

**COUNTY OF LOUDOUN, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE (1)	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
2002	\$ 26,799,268,200	\$ 30,044,022,700	\$ 2,746,232,319	\$ 2,523,199,286	\$ 29,545,500,519	\$ 32,567,221,986	90.7%
2001	21,128,020,500	23,015,272,000	2,381,723,570	2,091,424,554	23,509,744,070	25,106,696,554	93.6%
2000	16,160,744,400	17,066,744,400	1,921,567,637	1,839,574,139	18,082,312,037	18,906,318,539	95.6%
1999	13,337,307,000	14,557,339,100	1,590,787,060	1,449,124,512	14,928,094,060	16,006,463,612	93.3%
1998	11,771,573,700	12,962,573,700	1,453,956,874	1,409,756,982	13,225,530,574	14,372,330,682	92.0%
1997	10,677,620,500	11,893,096,100	1,362,039,834	1,516,748,145	12,039,660,334	13,409,844,245	89.8%
1996	10,300,853,000	11,127,412,600	1,260,370,103	1,260,370,103	11,561,223,103	12,387,782,703	93.3%
1995	9,529,000,000	10,405,720,700	1,224,533,268	1,224,533,268	10,753,533,268	11,630,253,968	92.5%
1994	8,738,821,580	10,337,805,791	1,064,150,140	1,064,150,140	9,802,971,720	11,401,955,931	86.0%
1993	8,689,071,710	10,285,023,344	785,386,197	785,386,197	9,474,457,907	11,070,409,541	85.6%



(1) 2002 Estimated Actual Value of Personal Property includes exonerations to June 30, 2002.

TABLE G

**COUNTY OF LOUDOUN, VIRGINIA
PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)**

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	MACHINERY AND TOOLS	PUBLIC UTILITIES	
				REAL ESTATE	PERSONAL PROPERTY
2002	\$ 1.05	\$ 4.20	\$ 2.75	\$ 1.05	\$ 4.20
2001	1.08	4.20	2.75	1.08	4.20
2000	1.08	4.20	2.75	1.08	4.20
1999	1.11	4.20	2.75	1.11	4.20
1998	1.11	4.20	2.75	1.11	4.20
1997	1.06	4.20	2.75	1.06	4.20
1996	1.03	4.20	2.75	1.03	4.20
1995	0.99	4.20	2.75	0.99	4.20
1994	1.02	4.20	2.75	1.02	4.20
1993	1.00	4.20	2.75	1.00	4.20

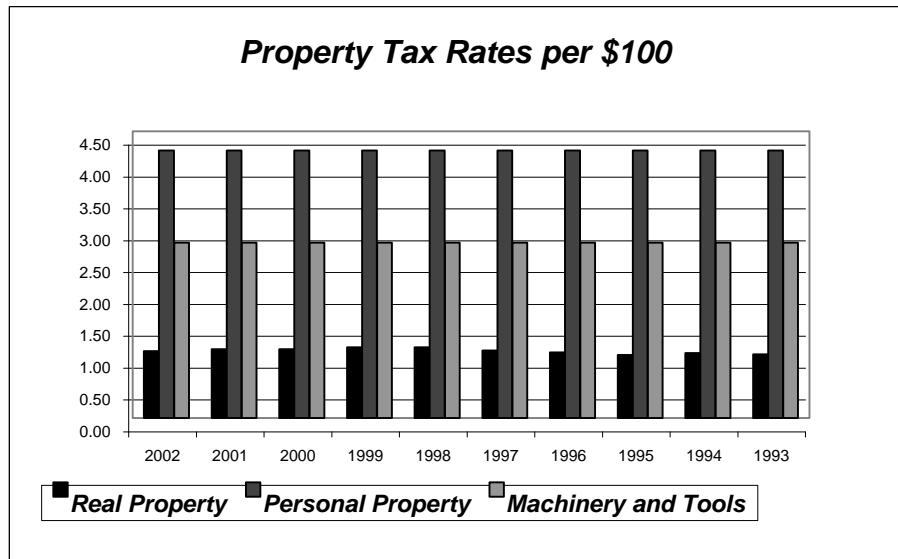
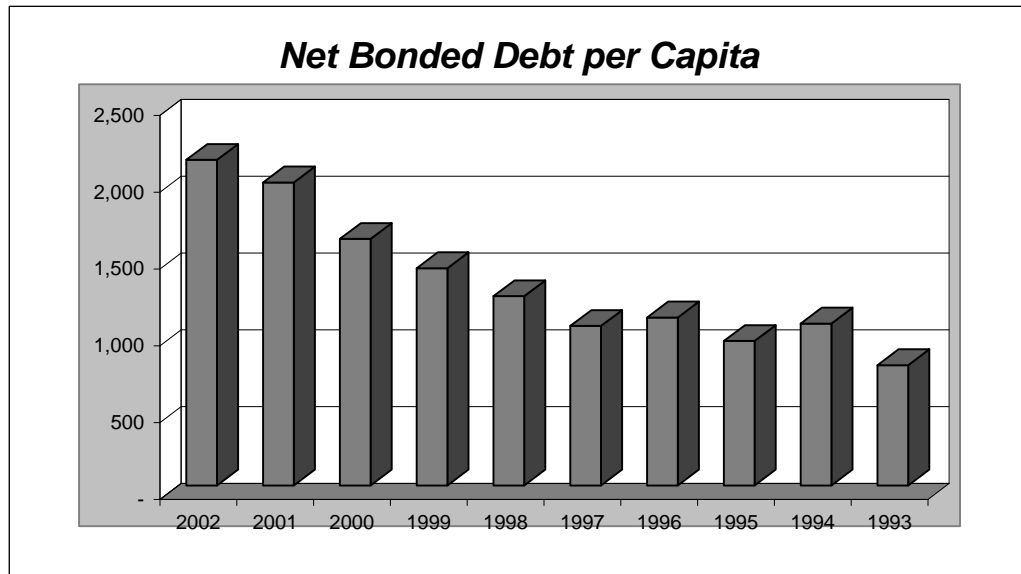


TABLE H

**COUNTY OF LOUDOUN, VIRGINIA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

FISCAL YEAR	(1) POPULATION	TOTAL ASSESSED VALUE	(2) GROSS BONDED DEBT	DEBT PAYABLE FROM ENTERPRISE REVENUE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2002	196,430	\$ 29,545,500,519	\$ 416,306,645	\$ -	\$ 416,306,645	1.41%	\$ 2,119
2001	189,400	23,509,744,070	373,561,205	-	373,561,205	1.59%	1,972
2000	172,173	18,082,312,037	276,362,000	-	276,362,000	1.53%	1,605
1999	154,549	14,928,094,060	218,520,000	-	218,520,000	1.46%	1,414
1998	136,485	13,225,530,574	168,146,500	-	168,146,500	1.27%	1,232
1997	127,410	12,039,660,334	132,322,000	-	132,322,000	1.10%	1,039
1996	119,550	11,561,223,103	130,842,500	-	130,842,500	1.13%	1,094
1995	112,843	10,753,533,268	106,150,000	-	106,150,000	0.99%	941
1994	104,966	9,802,971,720	110,645,000	-	110,645,000	1.13%	1,054
1993	97,779	9,474,457,907	76,544,000	-	76,544,000	0.81%	783



(1) Department of Economic Development, Loudoun County

(2) Includes general obligation bonded debt and State Literary Fund loans.

TABLE I

**COUNTY OF LOUDOUN, VIRGINIA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

FISCAL YEAR	PRINCIPAL	INTEREST AND OTHER SERVICE CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
2002	\$ 32,697,914	\$ 21,040,172	\$ 53,738,086	\$ 723,635,354	7.43%
2001	24,861,389	17,014,845	41,876,234	579,532,225	7.23%
2000	18,378,363	15,022,255	33,400,618	449,186,335	7.44%
1999	14,552,364	12,650,836	27,203,200	407,051,691	6.68%
1998	11,582,548	10,647,899	22,230,447	340,007,266	6.54%
1997	10,914,904	9,755,732	20,670,636	304,464,088	6.79%
1996	8,483,584	9,428,584	17,912,168	283,887,675	6.31%
1995	6,522,008	7,205,947	13,727,955	259,799,132	5.28%
1994	6,599,282	5,627,233	12,226,515	202,069,153	6.05%
1993	2,965,892	3,630,969	6,596,861	203,052,401	3.25%

***Ratio of Debt Service to
Total General Expenditures***

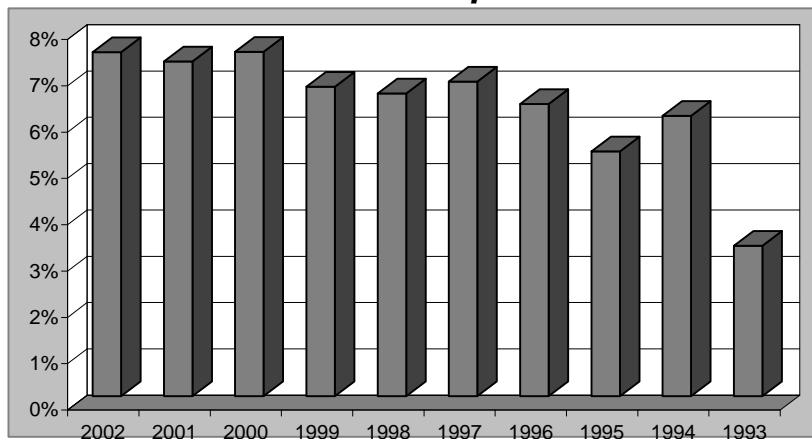
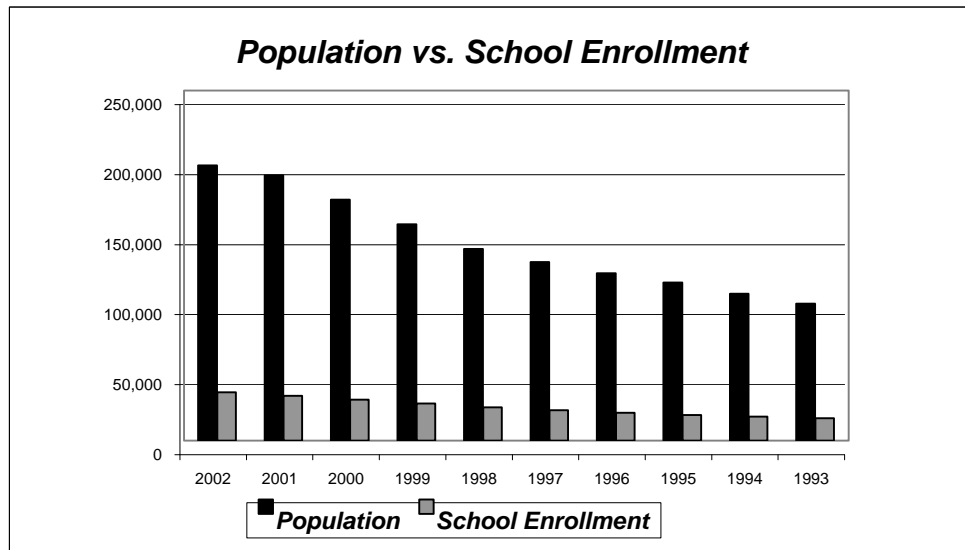


TABLE J

**COUNTY OF LOUDOUN, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	(1) POPULATION	(1) PER CAPITA INCOME	(2) SCHOOL ENROLLMENT	(3) UNEMPLOYMENT RATE
2002	196,430	\$ 39,791	34,500	2.9%
2001	189,400	\$ 38,602	32,016	2.5%
2000	172,173	\$ 37,500	29,254	0.9%
1999	154,549	\$ 34,495	26,582	1.2%
1998	136,845	\$ 32,590	23,782	2.2%
1997	127,410	\$ 31,485	21,733	2.0%
1996	119,550	\$ 28,934	19,967	2.5%
1995	112,843	\$ 28,639	18,270	2.8%
1994	104,966	\$ 27,176	17,067	3.2%
1993	97,779	\$ 26,349	15,887	3.3%



(1) Department of Economic Development, Loudoun County

(2) March 31 enrollment amount from the Department of Economic Development, Loudoun County, based on Fiscal Impact Analysis Technical Review Committee

(3) Virginia Employment Commission

TABLE K

**COUNTY OF LOUDOUN, VIRGINIA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

FISCAL YEAR	(1) COMMERCIAL CONSTRUCTION	(1) RESIDENTIAL CONSTRUCTION	(1) PROPERTY VALUE		NONTAXABLE	(2) BANK DEPOSITS
			COMMERCIAL	RESIDENTIAL		
2002	\$ 290,000,000	\$ 1,195,000,000	\$ 5,410,528,600	\$ 21,388,739,600	\$ 2,072,354,300	\$ 1,400,377,233
2001	250,000,000	923,000,000	4,611,938,500	16,516,082,000	1,795,059,700	1,286,934,189
2000	260,000,000	708,000,000	4,085,607,200	12,075,137,200	1,691,471,300	1,148,988,538
1999	290,000,000	571,000,000	2,955,807,600	10,381,499,400	1,580,184,800	996,731,117
1998	103,065,000	457,000,000	2,379,126,100	9,392,447,600	1,404,547,900	915,766,903
1997	70,000,000	377,000,000	2,178,186,300	8,499,434,200	1,405,763,500	882,561,695
1996	75,000,000	355,000,000	2,101,537,300	8,199,315,700	1,273,346,400	793,410,474
1995	70,000,000	371,615,000	1,948,194,300	7,438,550,000	1,214,471,400	786,362,306
1994	98,290,600	305,129,177	1,845,433,600	6,893,387,980	1,178,078,100	757,019,162
1993	38,301,744	226,897,417	2,234,093,300	6,454,978,410	1,465,442,900	784,678,829

(1) Department of Financial Services, Loudoun County

(2) Commissioner of Revenue, Loudoun County

**COUNTY OF LOUDOUN, VIRGINIA
 TWENTY-FIVE LARGEST REAL ESTATE ASSESSMENTS
 JUNE 30, 2002**

TABLE L

NAME OF BUSINESS	(1) 2002 ASSESSED VALUATION OF REAL PROPERTY	PERCENT OF TOTAL NET TAX BASE
UUNET Technologies, Inc.	\$ 308,113,800	1.15%
America Online, Inc.	230,161,300	0.86%
Virginia Electric and Power Company	170,680,900	0.64%
MCI Worldcom Network Services Inc.	159,569,000	0.60%
Verizon Virginia Inc.	134,065,700	0.50%
Dulles Town Center Mall, LLC	123,754,800	0.46%
Toll Road Investors Partnership II, LP	114,482,900	0.43%
Belmont Land LP	83,761,500	0.31%
South Riding LP	81,582,400	0.30%
Merritt-LTI LLC	76,200,900	0.28%
Brambleton Group LLC	72,272,100	0.27%
Ryans Corner LLC	72,010,100	0.27%
Chelsea GCA Realty Partnership LP	71,745,000	0.27%
Winkler-Southern Towers LP	71,518,200	0.27%
VMS - Landsdowne Limited Partnership	68,941,300	0.26%
Broadlands Associates	66,383,600	0.25%
WXIII/Oxford DTC Real Estate LLC	66,174,700	0.25%
AIG Baker Dullus LLC	64,594,300	0.24%
SPH University Center LLC	61,663,200	0.23%
Cabot Industrial Properties LP	61,005,500	0.23%
Lansdowne Community Development LLC	56,160,200	0.21%
Washington Gas and Light Company	53,468,000	0.20%
Air Force Retired Officers Community	51,791,100	0.19%
DTC Partners LLC	51,673,800	0.19%
Janelia Farm Holding LLC	48,922,100	0.18%
Totals	\$ 2,420,696,400	9.03%

(1) Assessed value as of January 1, 2002

**COUNTY OF LOUDOUN, VIRGINIA
SURETY BONDS
JUNE 30, 2002**

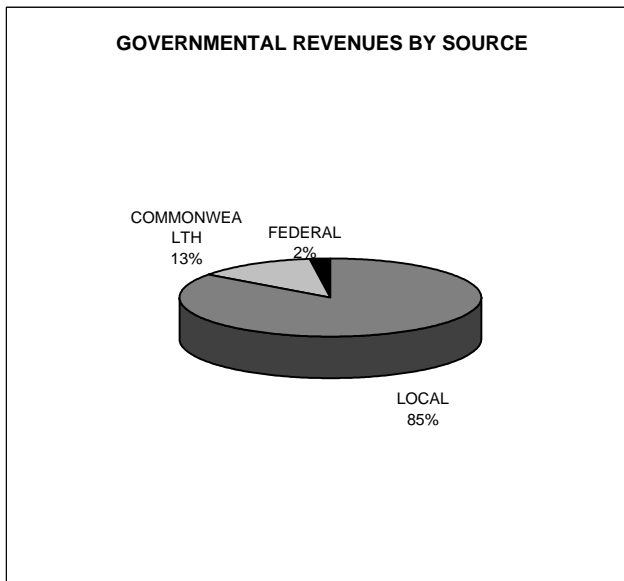
TABLE M

NAME	TITLE	SURETY	AMOUNT
Gary Clemens	Circuit Court Clerk	Fidelity and Deposit Company of Maryland	\$ 450,000
H. Roger Zurn Jr.	Treasurer	Fidelity and Deposit Company of Maryland	1,000,000
Catherine B. Ashby	Commissioner of Revenue	Fidelity and Deposit Company of Maryland	3,000
Steve Simpson	Sheriff	Fidelity and Deposit Company of Maryland	30,000
Dr. Edgar Hatrick	Superintendent of Schools	Fidelity and Deposit Company of Maryland	100,000
Sharon Ackerman	Assistant Superintendent of Instruction	Fidelity and Deposit Company of Maryland	100,000
C. Sue Hurd	Assistant Superintendent of Business and Finance	Fidelity and Deposit Company of Maryland	100,000
Evan Mohler	Assistant Superintendent of Support Services	Fidelity and Deposit Company of Maryland	100,000
Sandra Moody	Supervisor of Purchasing Services	Fidelity and Deposit Company of Maryland	100,000
Rhonda Phillip	Clerk of the School Board	Hartford Insurance Company	100,000
All School System Employees		Virginia Municipal Liability Pool	500,000
All County Employees		Virginia Association of Counties (VACo)	250,000

**COUNTY OF LOUDOUN, VIRGINIA
ACTUAL REVENUES
JUNE 30, 2002**

TABLE N

<u>TYPE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
LOCAL	\$ 433,153,594	85%
COMMONWEALTH	65,425,293	13%
FEDERAL	11,787,674	2%
	<u>\$ 510,366,561</u>	<u>100%</u>

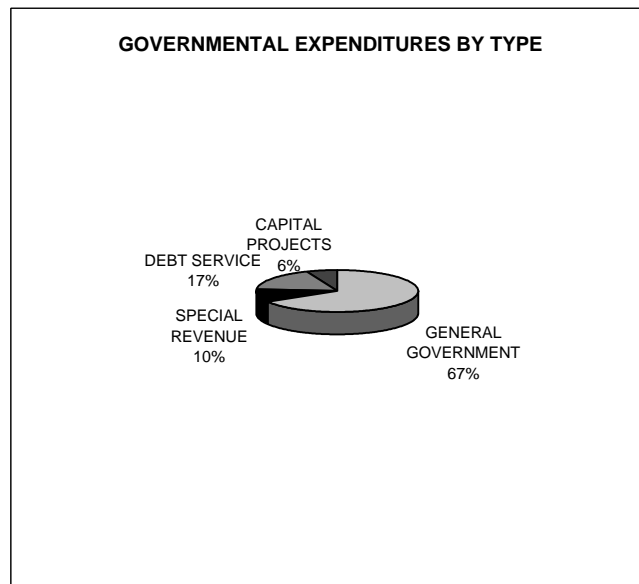


* Includes Governmental Funds only
Includes Primary Government. Does not include transfers.

**COUNTY OF LOUDOUN, VIRGINIA
ACTUAL EXPENDITURES
JUNE 30, 2002**

TABLE O

<u>TYPE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
GENERAL GOVERNMENT	\$ 190,584,064	67%
SPECIAL REVENUE	29,432,506	10%
DEBT SERVICE	49,549,033	17%
CAPITAL PROJECTS	17,941,930	6%
	<u>\$ 287,507,533</u>	<u>100%</u>



* Includes Governmental Funds only
Includes Primary Government. Does not include transfers.